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Principles of Treasury Borrowing

Secretary of the Treasury Henry Morgenthau, Jr., in an article prepared for the 1944 edition of the Army and Navy Journal's Annual, entitled "United States at War" outlines the Treasury's fiscal policy in relation to maintaining economic stability at home, while supplying the men on the fighting lines.

Sec. Morgenthau

Mr. Morgenthau begins his statement by remarking that "Wars, now as always, are won on battlefields. But in modern war the home front is intimately involved. Economic stability at home is an absolute requisite of victory. Without it, it is impossible to maintain the vast and complex flow of supplies to the men on the fighting lines."

Continuing, he writes: "The problem which has confronted us at home has been how to maintain economic stability while half of the country's total production was being sent to war. We knew this meant that if price stability was to be maintained then approximately half of the purchas-

(Continued on page 2721)

Index of Regular Features on page 2735.

Post-War Jobs, Taxes and Debt

By SUMNER H. SLICHTER*

Lamont Professor, Harvard University

Harvard Economist Predicts That Consumer Spending and New Capital Outlays Will Largely Absorb Reduced Government Post-War Buying. Looks for an Aggregate Demand for Goods by People and Government of Around $160 Billions or $4 Billions More Than Present American Industrial Capacity and Assuming a Post-War Government Budget of $20 Billions, Concludes That If Tax System Does Not Discourage Enterprise and Venture Capital and That If All Elements in Our Economy Strive for the Largest Possible Payrolls, the Necessary Revenues Can Be Obtained. Urges Tax Relief for Business.

I

The Federal Government is now spending about 90 billion dollars a year. At the end of the Japanese war expenditures will probably be at the rate of 65 billion to 70 billion dollars a year. Within two years after the war its expenditures will drop to 25 billion dollars a year. This will be the greatest and swiftest disappearance of markets in history.

Prof. S. H. Slichter

With the government rapidly withdrawing from the market, is there any chance that enough jobs can be found for returning servicemen and dismissed war workers? Can private spending possibly rise fast enough to offset the drop in public spending?

Two facts stand out conspicu-

---

*An address by Professor Slichter at the meeting of the American Pharmaceutical Manufacturers' Association at the Waldorf-Astoria Hotel, Dec. 12, 1944.

(Continued on page 2722)

Financing Small Business

By FERDINAND EBERSTADT*

Partner of F. Eberstadt & Co., Investment Bankers
Former Vice-Chairman of the War Production Board

Asserting That Small Business Normally Constitutes More Than One-Third of Our Commerce and Industry and, When the War Is Over, This Class of Enterprise Will Be Particularly in Need of Capital and Credit, Mr. Eberstadt Proposes the Formation of Local Investment Companies or Pools to Supply, With Government Assistance, These Needs. He Suggests That Junior Capital Be Obtained Through Local Institutions and Citizens, and That Additional Funds or Credit Be Acquired From the RFC Through Preferred Stock and Through Guaranteed Loans. Holds Wall Street Is Not Suitable for Small Business Financing.

Winning this tragic war and building a lasting peace thereafter are the two most vital tasks before us. We cannot all participate actively in the former but all of us can think about, plan for and aid to some degree, in producing conditions conducive to the latter. One of these conditions is economic good health, here and abroad. Essential to economic good health here are adequate local capital and credit facilities for small businesses and new enterprises. There

Ferdinand Eberstadt

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*An address by Mr. Eberstadt before the National Association of Securities Commissioners, St. Louis, Mo., Dec. 12, 1944.

(Continued on page 2728)

International Inflation

By MELCHIOR PALYI

Chicago Economist Classifies Inflation As (1) Gold Inflation; (2) Runaway Paper Money Inflation, and (3) "Controlled" Fiat Money Inflation. Says Gold Inflation Corrects Itself Automatically, but That Fiat Money Inflation Can Be Stopped Only by Budget Balancing and Freezing of Excess Purchasing Power. Explains Belgium's Recent Deflation Efforts and Predicts Greater Difficulties in Checking Inflation Than After Last War. Considers Bretton Woods Agreements Dead and Looks for Widespread International Debt Cancellations and Defaults. As Well As Re-export of U. S. Capital After Stabilization Takes Place.

Classifying Inflations

The monetary inflation that sweeps the entire planet may be classified in three major categories:

1. Gold inflation, in some cases (Sweden, Portugal, Argentina—not Switzerland) enhanced by commercial credit expansion, is in process in most quasi-belligerent and neutral countries. Their monetary "gold" increase includes newly earmarked gold in New York and fresh balances there as well as in London. Even if their budgets are unbalanced, very little fiat money is being put in circulation since they finance their deficits largely

Dr. Melchior Palyi

(Continued on page 2734)

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Taxes Vs. Customers and Jobs

By ENDERS M. VOORHEES*

Chairman Finance Committee, United States Steel Corporation

Warning of the Delusion of Accepting Mathematical Abstractions as Tax Plans, Mr. Voorhees Contends That the Present Corporate Income Tax Is Destructive to Moral Integrity, Because It Leads to Evasions; That It Increases Prices to Consumers; That It Discriminates Against Low Cost and Efficient Producers in Favor of Inefficient Competitors; and That It Impedes Investment in New Enterprises and Retards Their Growth. Asks for a New Tax Set-Up Based on Experience, and Not Designed to Exempt Any Group or to Penalize Others and One Which Considers What Part of Our Goods and Services Can Be Turned Over to Government and Still Leave Us Able to Promote Real Human Progress.

Enders M. Voorhees

The air is full of tax plans and tax laments. I have no new plan to offer. I feel almost naked as I inform you of this and also say that I shall not even ask you to join me in a half-hour of weeping. I see no point in trying to set myself up as a prophet or as a mourner. It seems to me that I can best acknowledge the honor you have tendered me by not pretending to anything except the desire that we take the time allotted me to reason together from our experience on the changes being brought about in our nation by diverse taxes and by income taxes in particular. Then we can re-discover the fundamentals and use them as a yardstick to measure the tax proposals that have been made and those which will be made. If we have standards we shall not easily be deluded into accepting mathematical abstractions as tax plans and we shall not forget that at the end of every tax plan is a human being. And I need not remind you that human beings are not abstractions.

Let me state our present situation another way. Recently one of our generals, coming in for a battle-front landing in France, turned to his pilot and said, "That was the smoothest landing I ever made." The pilot replied, "Sorry, General, we are not down yet—we are still 15 feet up." Our position is just that. Until we get all the way down to earth—to fundamentals—we should not say

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*An address by Mr. Voorhees before the Illinois Manufacturers' Association, Chicago, Ill., Dec. 12, 1944.

(Continued on page 2726)

Another Group of Opinions on Peacetime Training Proposal

Decision of the House Military Affairs Committee to consider early in January the program calling for a system of compulsory military training in peacetime lends additional significance to public discussion of the question at this time. It was with this thought in mind that the "Chronicle" decided to conduct a symposium on the question, the results of which have been appearing in our columns beginning with the issue of Nov. 23. We are able to accommodate today another group of the numerous expressions received and others will be given in subsequent issues consistent with space limitations.

V. H. ROSSETTI

President, The Farmers and Merchants National Bank of Los Angeles

V. H. Rossetti

Personally, I favor a reasonable compulsory military training in peacetime for America. I feel that it will do much good for our youth to have a little physical training and essential discipline.

HON. EARL R. LEWIS

Representative in Congress from Ohio

Hon. Earl R. Lewis

I am fearful that if we adopt such a system of compulsory military training we may be sowing the seeds of militarism in the United States, which I oppose. It strikes me that a much better system would be one in which military training is sought by our young boys attaining the age of 18 years under a system that would hold out to them some inducement to voluntarily take military training. It seems to me that the Government could well

(Continued on page 2730)

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The Code of the Securities Business

By EMIL SCHRAM*

President of the New York Stock Exchange

Speaking to Customers' Brokers, Mr. Schram Discusses the Code Adopted by These Men to Promote Just and Equitable Principles of Trade and to Protect the Public. States That the Most Effective Method of Protecting the Reputation of the Business Is to Stick Resolutely to the Principle That the Only True Basis in Judging Securities Values Is Authentic Information. Praises the Brokers for the Rule Discouraging Financial Transactions Not Commensurate With a Client's Resources and for Rigidly Adhering to the Regulations of the Stock Exchange and the Governmental Supervisory Agencies. Expresses Confidence in the Future of the Securities Business.

Emil Schram

During the three and a half years that I have been President of the Exchange, I have observed, with special interest and encouragement, the progress of your Association. I need not tell you that, as a first line of contact between the members and member firms that comprise the Exchange and the public which supports it, you occupy a position of great responsibility. It is no exaggeration to say that the reputation of the Exchange rests, to a large extent, in your hands.

You have adopted an admirable code of business conduct and I am going to examine that code, briefly, from the viewpoint of its application to our business and our problems. I know that you believe whole-heartedly in that code. It is built, of course, around the basic policy of the Exchange, "just and equitable principles of trade," which eloquently expresses the concept of a market place such as ours. Through your Association you have endeavored—with much success, I am happy to say—to maintain high professional standards. I want to commend you

(Continued on page 2732)

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*Informal remarks by Mr. Schram before the Association of Customers' Brokers in the Board of Governors Room, New York Stock Exchange, Dec. 12, 1944.

W. Miller Jr. to Be W. E. Hutton Partner

William C. Miller Jr. will become a partner in W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading national Exchanges, as of Jan. 1. Mr. Miller has been associated with the firm for some time in charge of the statistical department.

Riter & Co. to Admit Feick and Harper

Riter & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, will admit Lewis W. Feick and J. Henry Harper to partnership in the firm on Jan. 1. Mr. Feick in the past was a partner in Riter & Co. Mr. Harper has been a partner in F. S. Smithers & Co.

Herbert Allen Heads Paralysis Fund Group

Herbert Allen of Allen & Co., 30 Broad Street, New York City, has accepted the chairmanship of the Unlisted Securities Division in the Commerce and Industry Division of the National Foundation for Infantile Paralysis Annual Fund Appeal.

Mr. Allen will be assisted in this work by his co-chairman, Page Mason, also associated with the firm of Allen & Co.

Will Women Retain Jobs in Industry?

By L. H. BRADSHAW

Writer Argues That in View of Fact That Most Women Workers Have No Seniority Rights, They Will Be Largely Replaced by Returning Veterans. However, He Holds That Women Will Continue to Form a Substantial Portion of Industrial Workers, Since Developments During the War Have Resulted in Their Becoming Entrenched in Industry.

L. H. Bradshaw

Paramount among the problems facing America is the probable extent of unemployment during the reconversion period and the degree of full employment that can be achieved in the post-war period. Linked to this problem is the question of its possible aggravation in the increased number of women workers as a result of the war.

Authorities agree that a material degree of unemployment is inevitable during the transition period from war to peace production. Estimates of post-war unemployment vary widely, ranging from the optimistic one that because of peacetime prosperity there will be little increase, to the pessimistic one that there may be a peak of 20 millions idle.

What Is Full Employment?

From a total unemployed of approximately 9 millions in 1940 there has been a reduction to less than 1 million at present, due, of course, to the stimulus of war production. Normally about 2½ millions are chronically unemployed on account of changes in jobs, shifts in population, illness and varying degrees of incompetence.

There are now a little more than 53 millions employed, approximately 35 million men and 18 million women. But in addition there are nearly 12 millions in the armed services, and it is their prospective return to the labor market, combined with the inevitable decline in war produc-

(Continued on page 2720)

Prospects For a Post-War Agricultural Collapse

By THEODORE W. SCHULTZ*

Professor of Agricultural Economics, University of Chicago

T. W. Schultz

Twice during the course of the last three decades American agriculture has been called upon to produce a large, additional amount of food for our Allies whose normal supply lines were disrupted by war. Twice American agriculture has responded, increasing its output of food 15% during World War I, and 30% during this war. Twice our agriculture has prospered while the wartime demands lasted. We are now confronted by the question: Will this parallelism between the two wars also assert itself after this war in an agricultural collapse? After World War I, when the supply lines for food of our Allies had been restored, the demand for American food dropped and agriculture experienced a collapse from which it had not fully recovered during the inter-war period. Are we likely to have a repetition on the agricultural front of the 'twenties and 'thirties? Will this nation again find it

---

*An address by Prof. Schultz before the Citizens' Board of the University of Chicago, Oct. 27, 1944.

(Continued on page 2724)

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Institute of International Finance Argues That Without Enforcement of Reparations, Aggressors Will Have Post-War Economic Advantages Over Despoiled Nations.

Dean J. T. Madden

A bulletin of the Institute of Finance of New York University, recently issued by Dean John T. Madden, its Director, entitled "The Problem of Reparations," strongly advocates making aggressors pay for damage inflicted on occupied countries, and asserts that unless this is done the menace of Germany as a potential aggressor will continue irrespective of the nature of any peace treaty.

The object of reparations at the end of the present war, it is argued, should be (1) to make the aggressors pay to the fullest possible extent, as determined by experts, for the damage inflicted on the occupied countries; (2) to prevent Germany from obtaining a starting advantage over the victimized nations in production, export markets, and raising the standard of living; and (3) to prevent Germany from enjoying a population advantage over the occupied countries during the next 20 to 30 years, which would enable her to embark on another war within less than the twenty years which elapsed between the two world wars. Unless these aims are fully achieved the menace of Germany as a potential aggressor will continue irrespective of what the political provisions of the treaty of peace may be.

According to the bulletin, the demand for reparations is based on the legal principle that a country responsible for war is liable to make restitution of seized property and to compensate for losses, damages, and injuries wantonly inflicted upon other countries. The destruction wrought by the Axis powers and their satellites during the present war surpasses anything that was witnessed during the last war. In many instances the devastation was deliberate and not necessitated by military operations. It was intended to weaken the conquered and occupied countries to a point where they would be unable to free themselves from German military, political, and economic domination. It was the predetermined policy of Germany to concentrate all the heavy industry of Continental Europe within the borders of the Reich and to render the economies of the other countries, including the satellites, dependent on German industries for the bulk of manufactured products.

In executing the policy of undermining the economies of the conquered and occupied countries Germany went beyond the mere destruction of property and removal of plant and equipment. It soon became evident that the treatment meted out by the German authoritities to the inhabitants of the conquered countries, particularly in the East, was devised to reduce the population so that, regardless of the outcome of the war, Germany would have an advantage in the size and average age of the population 20 or 30 years from now. In order to achieve this objective the German authorities transferred millions of men from Russia, Poland, France, and the other conquered countries to the Reich, where they are forced to perform slave labor. In addition several million war prisoners have been interned in Germany for three to five years. This resulted in a decrease in the natural birth rate of the affected territories. Furthermore, by robbing the occupied countries of food, medicines, and clothing, they caused a sharp increase in the death rate, particularly of children. The German authorities have also murdered large numbers of civilians and prisoners of war, notably in Russia and Poland, in order to reduce permanently the rate of growth of population in non-German countries.

The above facts must be considered in determining the type and amount of reparations to be imposed on the Axis powers. The return to original owners of identifiable property of every kind including works of art, rolling stock, securities, cash and gold looted, sequestrated or acquired through "German legal methods" by the would-be conquerors, must not be credited on reparations account. On the other hand, credit should be given on reparations ac-

(Continued on page 2716)

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Reinhardt to Be Partner

W. E. Burnet & Co., 11 Wall St., New York City, members of the New York Stock and Curb Exchanges, will admit E. Allen Reinhardt to partnership in the firm as of Jan. 1.

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Paul Cabot Director of J. P. Morgan Co.

At a regular meeting of the board of directors of J. P. Morgan & Co. Incorporated, 23 Wall St., N. Y. City, held Dec. 20, Paul C. Cabot of Boston was elected a member of the board.

Mr. Cabot holds the following positions at the present time: President of State Street Investment Corp.; partner of State Street Research & Management Co.; director of Tampa Electric Co.; trustee of Eastern Gas & Fuel Associates; director and member of Executive Committee of National Dairy Products Corp.

Mr. Cabot was born in 1898. He was graduated from Harvard in 1921. In 1924, with Richard C. Paine and Richard Saltonstall, he formed the State Street Investment Corp. For two and one-half years during the present war he was director of the Salvage Division of the War Production Board, and in that capacity had charge of nation-wide salvage activities.

Montgomery, Scott to Admit Three Partners

PHILADELPHIA, PA.—Montgomery, Scott & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges and other principal Exchanges, will admit William T. Carter II, Edwin George Thomas and William Coxe Wright to partnership as of Jan. 1. Mr. Carter, who in the past was a partner in the firm, and Mr. Wright will make their headquarters at the firm's Philadelphia office. Mr. Thomas, who was a partner in Stevenson & Bartram, will be located in New York.

A. G. Edwards & Sons to Admit Redman, Peper

ST. LOUIS, MO.—A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and St. Louis Stock Exchanges and other leading Exchanges, will admit W. Guy Redman to general partnership and Christian B. Peper to limited partnership, effective Jan. 1. Mr. Redman has been with the firm for some years.

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Can America Buy Its Own Post-War Products?

By HAROLD C. BAILEY

Investment Analyst, Coburn & Middlebrook, Hartford, Conn.

Writer Foresees in Large Personal Bank Balances and Other Forms of Personal Savings a Large Reservoir of Purchasing Power. Without Ignoring the Inflationary Possibilities Present in the Situation, He Holds That the Best Hope for a Period of Sustained Prosperity After the War Lies in an Orderly, Gradual and Moderate Advance of the Price Level.

Much of the prevalent uncertainty about the shape of things to come might be resolved if we had a clearer view of the post-war purchasing power of the American consumer. The controversy between the Cassandra's of deflation and the prophets of inflation waxes ever hotter without very much of an effort to analyze such data as we have bearing on the problem.

Harold C. Bailey

When the case is stated in its simplest terms we all know that, given a certain price-level and a certain volume of goods and services, too much purchasing power or too little purchasing power bring in their train distorted price structures and disequilibrium that in the end cause the economic system's functioning to breakdown. Only if we have approximately the adequate volume of purchasing power to move goods off the shelves promptly at prices not too sharply fluctuating in either direction can we have post-war prosperity. Is there any reliable means of measuring, however roughly, this unknown?

Repeated references have been made to the estimated $100 billion of wartime savings, to the $21.7 billion of currency outside the banking system and to the $64.2 billion of demand deposits as factors that of themselves virtually guarantee an effective post-war demand. But such totals actually signify hardly anything. Indeed, money (deposits subject to check and currency in circulation) may not constitute demand for goods at all. All money held as a store of value, currency in mattresses and safe-deposit boxes and the minimum working balances of a deposit account, exert no influence whatever upon the volume of goods and services produced and distributed. It is only active money, the money checked out in payment of the monthly bills and the cash passed across

(Continued on page 2732)

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United Gas and Electric P. & L.

United Gas Corporation's recapitalization program, in progress for several years, was approved by the SEC utilities division June 28, by the Commission itself Sept. 8, and by the Federal District Court Nov. 20. Despite the fact that Mr. Samuel Okin (Electric Bond & Share stockholder) tried to obstruct the plan by court appeals, the company proceeded to sell $100,000,000 new 3% bonds on Nov. 28. Sale had been previously arranged to a group of institutions by Dillon, Read & Co., as agent for the company.

Simultaneously with delivery of the bonds, United Gas paid to Electric Bond & Share $44,000,000 cash in exchange for all of the latter's security holdings in United Gas (totaling about $53,000,000). The third step was for United Gas to redeem at 110 (plus remaining dividend arrears of $5.17) all its first preferred stock.

Finally, United Gas' relations with Electric Power & Light, its parent, were adjusted by giving that company approximately 95% of the new common stock issue of 10,653,302 shares ($10 par); and Electric Power & Light surrendered for cancellation United Gas' entire issue of $7 second preferred stock (with large arrears) together with substantial amounts of the old common stock and warrants. Public holdings of the old $1 par common stock were exchangeable under the plan for the new $10 par stock in the ratio of 6-for-1 (through the Chase Bank, at 11 Broad St.). The new common, traded on the New York Curb Exchange, is currently selling at 10¼ (range 10⅞-8⅞).

In the 12 months ended Aug. 1, 1944, United Gas reported net income of $7,360,092. Interest savings are estimated roughly at about $800,000. It is difficult to adjust taxes to the pro forma basis, but share earnings on the new common appear to work out at about 70-75¢. Thus the new common stock is selling at about 14 times earnings, which appears to be slightly above the general average for natural gas stocks.

A heavy sinking fund has been set up on the new bonds, equivalent, it is estimated, to nearly 40¢ a share. If this should be considered as a claim on earnings ahead of dividends, only about 30-35¢ might be available for payment to stockholders, which would make the yield on the current price only about half that of the average gas stock. However, United Gas' charges for retirements and depletion in the 12 months ended Aug. 31, were equivalent to about $1.10 a share on the new common stock, and it is possible that, considering the very strong cash position, cash saved through depletion charges might be applied to sinking fund requirements. In that event, a more generous dividend policy might be adopted.

Electric Power & Light should now be in a position to expedite its own plans. Both American Power & Light and Electric Power & Light have appealed to the Supreme Court against the SEC "death sentences," but it now appears a little doubtful whether these cases will be heard. Hence, it seems possible that EL may present a recapitalization plan to the SEC within the next few weeks or months.

During 1944 EL has made considerable progress toward streamlining subsidiaries—settling questions of plant account readjustment, refunding bonds, etc. Geographical requirements of Section 11 of the Utility Act will require disposing of the small equity interest in Utah Power & Light, but this will probably have to await recapitalization of Utah with a single class of common stock. Another "outlying" property, Idaho Power, has been sold.

The company's other electric properties are in Texas, Arkansas, Louisiana and Mississippi. It has been surmised in the past that two of these properties (Dallas Power & Light and Dallas Railway & Terminal) might be sold, since EL will probably need more cash to complete the retirement of its bonds, but it was recently announced that preliminary plans were being discussed for a consolidation of these properties with three Texas subsidiaries of American P. & L.

It seems possible that the SEC will require EL to dispose of United Gas (unless the company should prefer to dispose of all its electric interests, which appears unlikely). It has been rumored that the new United Gas common held by EL might be distributed to its preferred stockholders. Assuming that the small issue of second preferred stock should receive an equal amount with the two issues of first preferred, approximately 12 shares of United Gas, with a total market value of about $123, could thus be given to each share of EL preferred. It seems unlikely that the first preferred stocks, with arrears of about $82 and $71, respectively, would be satisfied with such a distribution unless stocks of some of the electric companies were also distributed. It is possible, however, that this could be worked out by allocating a substantial part of a new common stock issue to the preferred stocks (in addition to the United Gas distribution).

Obviously, there are a number of ways in which an integration plan can be worked out, and until the company and the SEC have arrived at some basis for a plan suggestions such as the above must be considered as merely speculative in character.

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Nat'l Association of Securities Commissioners Hold Wartime Conference & 27th Annual Meet'g

The National Association of Securities Commissioners held its 27th annual meeting and wartime conference at the Statler Hotel, St. Louis, Mo., Dec. 12 and 13. Officers elected to serve during 1945 were:

President—Clarence H. Adams Securities Commissioner, Hartford, Conn.

First Vice-President—J. Edwin Larson, State Treasurer, in charge of Securities Division, Florida.

Second Vice-President—John L. Carter, Securities Commissioner, Little Rock, Ark.

Treasurer—Harold Johnson, Bureau of Securities, Lincoln, Neb.

Secretary—Allan S. Richardson, Securities Commissioner, Denver, Colo., who was reelected.

Field Secretary—James F. Merkel, Chief of Securities Commission, Columbus, Ohio.

Among the speakers were:

John T. Callahan, Special Counsel for the Securities and Exchange Commission, who spoke on "Enforcement Problems of Mutual Interest to State and Federal Securities Commissions."

F. Eberstadt, F. Eberstadt & Co., New York, whose subject was "Post War Financing of Small Companies."

Robert K. McConnaughey, Commissioner of the SEC, on "Foreign Investment in the Post-War Period."

John W. Snyder, Vice-President of the First National Bank in St. Louis, on "Problems of War Surplus Disposal."

James A. Treanor, Jr., Director of the SEC, on "Some Current Problems of Federal Regulation."

Clark, Dodge Co. to Admit William Rex

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York and Boston Stock Exchanges, will admit William M. Rex to partnership in the firm as of Jan. 1. Mr. Rex has been with Clark, Dodge & Co. for some time as manager of the bond department.

L. A. Gibbs to Be Laird, Bissell Partner

Louis A. Gibbs, manager of the trading department of Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, will be admitted to partnership in the firm as of Jan. 1, 1945.

Pollock Organizes Own Firm In N. Y.

Announcement is made of the formation of Wm. E. Pollock & Co., Inc., with offices at 20 Pine Street, New York City, to deal in U. S. Government securities and municipal bonds. Officers of the firm will be: William E. Pollock, President; Max E. Pollock, Executive Vice-President; H. Albert Ascher, Vice-President, and Theodore P. Dixon, Vice-President.

The Messrs. Pollock were formerly associated with Salomon Bros. & Hutzler, and more recently with Harvey Fisk & Sons Inc. H. Albert Ascher was formerly a partner of R. W. Pressprich & Co. and later managed the municipal bond department of Harvey Fisk & Sons, Inc. Theodore P. Dixon was with Swiss-American Corp. and Goldman Sachs & Co.

Formation of Wm. E. Pollock & Co., Inc., was previously reported in the "Financial Chronicle" of Dec. 14.

Kidder, Peabody Leads in War Bond Drive

For the third successive War Bond Drive, Kidder, Peabody & Co., 17 Wall Street, New York, has come out ahead of all the other 451 New York security houses in number of subscriptions received. In the Sixth War Loan Kidder, Peabody & Co., New York, turned in 3,030 subscriptions with a principal amount of $10,500,000. For number of subscriptions, this is a new all-time security house record. In view of the Treasury Department's desire to place emphasis on the sale of U. S. savings bonds to individuals this record is important in that the majority of these sales are series E bonds to individuals.

The Boston office of Kidder Peabody & Co. in the Sixth War Loan Drive has again led all security houses in the Boston area, turning in 2,447 subscriptions with a principal amount of $6,634,775. In the Fifth War Loan Drive, Kidder, Peabody, Boston led all the security houses in the country with subscriptions of 2,759. This time Kidder, Peabody New York, takes the lead with the new record of 3,030 subscriptions

Situations Of Interest

F. H. Koller & Co., Inc., 11 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

Tomorrow's Markets Walter Whyte Says——

Temporary top signs increasing, though no sharp reaction indicated. Utilities are starting to flash "up" signals which may be result of end of tax selling.

By WALTER WHYTE

Last week's market was given over to a lot of milling around. There was a lot of thunder, even some lightening, but the indicated action that all the noise promised, never materialized.

* * *

This kind of action is in line with the thought expressed here last week that once the much heralded 150-152 level was penetrated the move which everybody was waiting for and fully expected, would not occur. This doesn't mean that it won't happen. But so long as majority opinion has it that the move is right around the corner, the chances are the wait will be longer than most people think.

* * *

A postponement of an indicated move, however, has within it the seeds of reaction. Mass psychology seldom keeps an even keel. It usually veers from one extreme to the other. A swing in the pendulum in one direction is usually counterbalanced by an equal swing in the other direction. A few weeks ago the 150-152 was the Siegfried Wall. Once that was breached it would be smooth sailing. That was the majority opinion in Wall Street.

* * *

You may recall the statement made here that instead of the easy travelling this breaching of the level would indicate, the chances were that market would go into dullness so far as further progress was concerned. So what you see now should not come as a surprise. But all that has little to do with individual stocks.

* * *

Two weeks ago this column recommended certain stocks

(Continued on page 2733)

What's Ahead for the Railroads?

By ROBERT S. HENRY*

Assistant to the President, Association of American Railroads

Stressing the War-Time Accomplishments of the Railroads as Proof That Railroad Evolution Will Continue and That Given Sufficient Traffic They Can Operate With Increasing Economies Under Continuous Technological Improvements, Mr. Henry Points Out the Competitive Discrimination Which Makes the Acquisition of Additional Capital by the Railroad Difficult, and Which Places Obstacles in Their Progress. Urges a Policy of Treating All Forms of Transportation Alike, Particularly in Matters of Investment, Government Support and Taxation, and He Contrasts the Present Policy of a Selfsustaining Business Enterprise as Applied to Railroads With the Opposite Policy of a Governmental Dependent Activity as Applied to Other Transportation Facilities.

What's ahead for the railroads?

If the answer to that question could be confined to the physical railroad itself—the road of rails, the trains of cars which run upon it, the locomotive power which pulls them—it would not be difficult to make.

Robert S Henry

Railroad evolution will continue. The tremendous technological progress of the past points the way to the accelerated advances of the future toward a still more dependable and efficient performance of that mass transportation of goods and persons in long trains of cars pulled by a unit of locomotive power upon steel rails which is, and will continue to be, the cornerstone and foundation of commerce and industry on this continent.

The total inter-city movement of commerce of all kinds in the United States this year will be above a trillion—that is, 1,000 billion—ton-miles. Of this truly stupendous movement, the railroads will perform nearly three-fourths, or in the neighborhood of 750 billion ton-miles, leaving the balance to be done by the Great Lakes boats, the pipelines, the inter-city motor trucks, both public and private, and the inland waterways, in that order of volume.

The railroads' part—equivalent to moving 1,500,000,000 tons of freight an average distance of 500 miles—is considerably more than twice the rail freight movement of five years ago and almost twice that of 1918, the peak year of the first World War.

At the same time, the railroads in 1944 will do a passenger job equivalent to carrying almost one billion passengers for an average journey of 100 miles—four and one-half times the 1939 load and considerably more than double that of 1918.

The railroads are handling this more than doubled load with virtually the same number of locomotives and passenger cars they had in 1939, and with hardly more than a nominal increase in the number of freight cars. As compared with 1918, they are doing twice the job with almost one-third fewer locomotives, one-fourth fewer cars and 500,000 fewer men.

These facts are mentioned here because of their direct bearing upon the future of the railroads. They point the way of progress for the future, along the same lines which in the past twenty-five years have doubled the output of transportation per car per day, more than doubled the output of service of the average freight train per hour, and increased the transportation output for each dollar invested in railroad plant and equipment by more than one-third. They constitute the record which shows what railroad trains on tracks mean to this nation and what they can do when the work is there for them.

But they do not answer the whole question as to the outlook for the railroads, for, in addition to their physical operations, railroads in America—unlike those in most other countries—are a **business**, the product of business enterprise, run on business principles, subject to the same hazards as other self-supporting taxpaying business, and, in addition, subject to peculiar and special difficulties and uncertainties of their own.

Railroading is a volume business. Given sufficient volume of traffic, it can overcome most difficulties and surmount most obstacles. That has been the history of the business—to meet rising costs, mounting wages and multiplying taxes by spreading these costs thinner and thinner over a larger volume of traffic, with the increased efficiencies which such a volume of traffic makes possible

A century ago, when a dollar a day was good wages, and other costs were in proportion, railroad freight charges averaged, as nearly as can now be determined, about seven cents for hauling a ton of freight a mile. High as that may seem to us now, it was marvelously cheap as compared with costs by earlier forms of transport, but three-quarters of a century ago that figure had been cut roughly in half, to about three cents per ton per mile. Today, and for some years past, the average revenue received by the railroads has been below one cent for hauling a ton one mile—with wages averaging nearly a dollar an hour, instead of a dollar a day. and other items of costs, especially

(Continued on page 2729)

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*An address made by Mr. Henry before the Commerce and Industry Association of New York, Dec. 5, 1944.

Post-War Railroads vs. Industrials

An Address by
Patrick B. McGinnis

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Railroad Securities

With the successful conclusion of the Sixth War Loan drive last week the attention of the country's financial interests has again turned to corporate financing. For the most part the new issues expected in coming months will be for refunding purposes—very little call for new-money financing is in prospect over the near future. However, with industrial public utility, and railroad managements all bending every effort to take fullest advantage of present investment markets by reducing their interest costs there is plenty of business in sight. It is generally expected that corporate financing between the Sixth and Seventh War Loans may reach $1,000,000,000.

As in the period between the Fifth and Sixth War Loan drives, the railroads will again be prominent among the new offerings. By the time this article is in print the first of the expected rail offerings will already have been made, the $42,000,000 Nickel Plate issue. This one is being watched with particular interest because of the rather checkered career of the road. There have been many times in the past decade when the collective investment mind, as reflected in price levels, gave the road little chance to survive without reorganization. In fact, it was not many years ago when the company took advantage of the grace period for payment of interest on the junior, refunding mortgage bonds. At that time it was not a question as to the ability of the company to support its interest charges, it was a question of arranging an extension of the maturity of the unsecured 6s. The latter bonds have since been paid off at par.

The ability of Nickel Plate to effect a low coupon refunding attests not only the generally improved investment sentiment towards railroad securities as a whole but also the substantial progress made by the individual road in the last few years. On the basis of the debt retirement it has accomplished and the financial gains it has made, the road can not by any stretch of the imagination any longer be considered as still being in the so-called marginal group of carriers. Just as surely as Great Northern, Nickel Plate has fully rehabilitated its credit.

The only other railroad issue definitely scheduled at the time of this writing is the Louisville & Nashville first and refunding mortgage offering on which bids have been requested for Jan. 4. On this issue the coupon rate is specificied at 3⅜% and the proceeds will be utilized to redeem a like amount of the 4s, 4½s and 5s No reduction in the principal amount of debt outstanding is being made in this refunding operation as the company has concentrated its debt reduction energies on the shorter-term series of the senior, unified mortgage bonds.

While these two are the only definitely scheduled offerings in the rail field, there are many more in prospect early in 1945. Pere Marquette a few weeks ago announced its intention of refunding the roughly $30,000,000 of first mortgage 4s and 5s, 1956. Wabash has not completely dropped the idea of refunding the $47,000,000 of first 4s despite the unsatisfactory bid received for the initial competitive offering. In the recently reorganized group, North Western appears definitely to have under consideration redemption of the $55,000,000 of first 4s through a lower coupon offering and it is possible that Erie will follow suit with its $74,300,000 of long 4s.

Western Pacific presumably will be in position almost immediately on consummation of its reorganization to get a more favorable interest rate on its $10,000,000 first 4s being sold to the RFC. If Erie, North Western, Wabash and Western Pacific, can all, so quickly after reorganization, refund with better than a 4% coupon, it might be advisable for the ICC to give consideration to providing lower coupons initially on new reorganization first mortgage bonds, thus allowing some broadening of the capitalization without any increase in the proposed fixed charges.

In addition to the above, there has been considerable talk recently of the possibility of refunding the $66,000,000 of Chesapeake & Ohio 3½s. All in all then, there are railroad offerings of at least $324,000,000 definitely in sight within the near future and it might well run closer to $400,000,000 before the next bond drive.

Herbert Todd Opening Own Office in Indianapolis

INDIANAPOLIS, IND.—Herbert Todd is engaging in a securities business as an individual dealer from offices at 106 East Market Street. Mr. Todd has recently been associated with Newton Todd. In the past he was in business for himself.

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Broadcast on Christmas Eve Planned By President

President Roosevelt will make his usual Christmas Eve radio address at 5:15 P.M. (EWT) over all major networks.

The White House did not say from where he will speak, said the Associated Press on Dec. 1[illegible], which added:

"Last year, reporting on the Cairo and Teheran war conferences with Prime Minister Churchill and Premier Stalin, he spoke from his home at Hyde Park, N. Y.

"A national Christmas tree will be dedicated again this year on the south grounds of the White House. It will be decorated but not lighted."

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

Attractive Possibilities

Crompton & Knowles Loom Works common offers attractive possibilities, according to memoranda issued by Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York Stock Exchange and other national exchanges. Copies of these memoranda may be had from Buckley Brothers on request.

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$42,000,000 Nickel Plate Bond Issue on Market

The New York, Chicago & St. Louis (Nickel Plate) RR. awarded on Dec. 19 an issue of $42,000,000 of refunding mortgage Series B bonds, due on Jan. 1, 1975, to an underwriting group headed by Halsey, Stuart & Co., Inc., on a competitive bid of 100.529 for a 3¾% coupon rate. Subject to the approval of the Interstate Commerce Commission, the underwriting group offered the bonds to the public Dec. 20 at 102 and interest.

The proceeds of the financing, which netted the company $42,222,180, will be applied to the retirement of $42,558,000 of existing obligations. These consist of $26,058,000 of Series A refunding 5½% bonds due in 1974, a $10,000,000 collateral note and $6,500,000 of Toledo, St. Louis & Western RR. first mortgage 4% bonds, due April 1, 1950.

The Nickel Plate announced that although the redemption date of the refunding 5½s and the Toledo, St. Louis & Western 4s are, respectively, April 1 and Oct. 1, 1945, holders of the bonds will be invited to tender them in advance of those dates. The holders of the refunding 5½s will receive a premium of 7½% and accrued interest to April 1. The holders of the Toledo, St. Louis & Western bonds will receive principal and accrued interest to Oct. 1.

Associated with Halsey, Stuart & Co., Inc., are: Bear, Stearns & Co.; Dick & Merle-Smith; Glore, Forgan & Co.; Ladenburg, Thalmann & Co.; L. F. Rothschild & Co.; Schoellkopf, Hutton & Pomeroy, Inc.; Hallgarten & Co.; Ira Haupt & Co.; R. W. Pressprich & Co.; Harris Hall & Co., Inc.; Whiting, Weeks & Stubbs; the Milwaukee Co.; Putnam & Co.; Burr & Co., Inc.; Graham, Parsons & Co.; Gregory & Son, Inc.; Kean Taylor & Co.; E. M. Newton & Co.; Almstedt Bros.; Ames, Emerich & Co., Inc.; Geo. G. Applegate; Atwill & Co.; A. E. Aub & Co.; Bankamerica Company; the Bankers Bond Co.; Barrow, Leary & Co.; Jack M. Bass & Co.; Baum, Bernheimer Company; Bioren & Co.; Wm. Blair & Co.; Bosworth, Chanute, Loughridge & Co.; Braun, Monroe & Co.; Brooke, Stokes & Co.; Brooke, Tindall & Co.; John B. Carroll & Co.; City Securities Corp.; Coburn & Middlebrook; Cohu & Torrey; Courts & Co.; Cruttenden & Co.; Dallas Union Trust Co.; R. L. Day & Co.; Dempsey & Co.; Clement A. Evans & Co., Inc.; The First Cleveland Corporation; Green, Ellis & Anderson; Heller, Bruce & Co.; Hill & Co.; Hirsch, Lilienthal & Co.; Kalman & Co.; A. M. Kidder & Co.; Laird, Bissell & Meeds; Lehman Brothers; Loewi & Co.; McMaster, Hutchinson & Co.; Martin, Burns & Corbett, Inc.; Marx & Co.; Mason-Hogan, Inc.; Mason, Moran & Co.; A. E. Masten & Co.; Morris Mather & Co.; William J. Mericka & Co., Inc.; Metropolitan St. Louis Co.; E. W. & R. C. Miller; Minsch, Monell & Co.; Moore, Leonard & Lynch; Moors & Cabot; Mullaney, Ross & Co.; Nashville Securities Co.; Newburger & Hano; Norris & Hirschberg, Inc.; Alfred O'Gara & Co.; Patterson, Copeland & Kendall, Inc.; Peters, Writer & Christensen, Inc.; Riter & Co.; the Robinson-Humphrey Co.; Charles W. Scranton & Co.; Schwabacher & Co.; Sills, Minton & Co., Inc.; Starkweather & Co.; Walter Stokes & Co.; Swiss-American Corp.; Thomas & Co.; E. W. Thomas & Co.; Townsend, Dabney & Tyson; Washburn Company; White, Hattier & Sanford; Harold E. Wood & Co.; Wurts, Dulles & Co.; Wyatt, Neal & Waggoner, and F. S. Yantis & Co., Inc.

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Real Estate Securities

Retrospect

As the year of 1944 is drawing to a close, we thought it might be interesting to review the suggestions of this column for previous years and check the results.

At the end of 1942, only two years ago, we suggested several hotel bonds. The result seems very satisfactory indeed, judging by the following comparison in prices:

Hotel—	Dec., '42	Dec., '44	Change
Governor Clinton	23	59	+46
Lexington	52	92	+40
Park Central	24	66	+42
St. George	42	66	+24
Savoy Plaza	9	60	+51
Sherry Netherlands	10	48	+38
Waldorf Astoria	4½	56	+51½

At the end of 1943, only one year ago, we suggested that office buildings in the New York financial district were underpriced, and the results are equally satisfactory:

Building—	Dec., '43	Dec., '44	Change
40 Wall	21½	50	+28½
50 Broadway	18	35	+17
61 Broadway	24	43	+19
165 Broadway	29½	44½	+15
Harriman	23	45½	+22½

Regarding the future of hotel securities, it is our thought that post-war this type of real estate will continue to enjoy good business for at least two or three years post-war. New York City as a shipping center and consumer goods manufacturing center will be the necessary place for buyers to locate in order to replenish much depleted stocks. Lack of housing facilities and returning soldiers will necessitate temporary residence in hotels until more housing is constructed.

Regarding the future of office buildings, we also feel continued commitment in this type of security is warranted. It is true that vacating of Government space may throw considerable space on the market. We are inclined to believe, however, that expanding business post-war will absorb this space. Rent ceilings on office buildings we think is inevitable. However, we believe that legislation for these ceilings will be enacted in the State rather than by Congress. Inasmuch as the large boosts in rent recently were promulgated by loft buildings rather than office buildings, we are not too much worried by a roll-back in office rents.

Regarding the overall picture in real estate bonds, we feel that as a class prices should go higher because of the better yields afforded by them compared to industrial, railroad and utility bonds. Even with the large increase of prices, yields of from 7% to 10% are available. In checking, we find that many new investors in real estate bonds are willing to accept a 5% yield providing they have confidence in the issue. What a difference this may mean price-wise, might be visualized for instance in the 165 Broadway issue. Currently selling at 45½, they offer a 10% yield. If these bonds were to sell at a 5% yield they would sell at 90. (*Note*—We have only used this issue as an example and do not mean to infer that this bond will sell at 90. Currently selling at 45½ and just barely earnings its interest, we think the investor is entitled to a high yield to compensate for his risk. However, there are many issues that may be selected that are in a more favorable position.)

Goodbody & Co. Will Admit Paidar, Others

Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, and other leading exchanges, will admit Leonard J. Paidar to general partnership, and Joseph P. Fell, Agnes E. Goodbody, Nellie J. Goodbody and James A. Hetherington II, member of the New York Stock Exchange, to limited partnership in the firm as of Jan. 1.

Mr. Paidar will make his headquarters at the firm's Chicago office, 105 West Adams Street. He was formerly with Harris, Upham & Co.

Murray McConnel to Be Hayden Stone Partner

Murray McConnel will be admitted to partnership in Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on Jan. 1. Mr. McConnel was formerly First Vice-President of J. G. White & Co., Inc.

Speculative Potentialities

"MOP" general 4s of 1975 offers interesting speculative potentialities, according to a circular issued by McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

Steel Industry Interesting

Recent developments affecting the steel industry and its equities are contained in an interesting memorandum being distributed by Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies may be had from the firm upon request.

Municipal News & Notes

The tendency of some municipalities to anticipate future financing needs by issuing bonds now to cover the cost of post-war projects and improvements has been discussed in this space on several recent occasions. This practice, it was noted, stems from the admittedly laudable desire to take advantage of existing favorable market conditions and, at the same time, protect themselves from a possible rise in interest rates at some future date. As the bond issue proceeds are usually invested in Treasury obligations of short duration, this appears to be an additional attraction to local governments, as the income thus assured serves to offset in whole, or in part, usually the latter, the interest cost on their own obligations.

In effect, the plan appears exceptionally attractive and seemingly devoid of any imperfections. That this is by no means entirely true is clearly indicated by C. C. Ludwig, Executive Secretary of the League of Minnesota Municipalities, who discusses the subject in the November issue of "Municipal Finance," the official organ of the Municipal Finance Officers' Association of the United States and Canada.

This plan of financing, as Mr. Ludwig states, may actually be "too attractive" for the ultimate good of local communities and should "be used guardedly" by public bodies. Not the least of its obvious dangers, the municipal official observes, is that some cities, motivated by the desire to "cash in" on existing low interest rates and thereby hedge against a possible rise, may be inclined to commit themselves prematurely to capital outlays. In addition, the apparent advantages may encourage public bodies to foresake the sound "pay-as-you-go" principle in favor of the much less arduous course of relying increasingly on the use of borrowing authority to provide for governmental outlays.

As a matter of fact, it is more than possible that the ability of borrowers to immediately reinvest proceeds of bond issues in Treasury obligations may result in their forgetting, at least for the moment, much more fundamental considerations.

Not the least of these, naturally, is that cost alone is not the sole yardstick by which value is measured.

This fact should be carefully considered by public bodies that feel it expedient to proceed now in issuing bonds for future capital needs. There is a real danger that cities may be thus inclined to give somewhat less than mature consideration to the economic value of contemplated projects.

They should also bear in mind that money borrowed must ultimately be repaid and that mortgaging the future can be a hazardous pre-occupation. Furthermore while an annual interest charge of say 2% may appear to be ridiculously cheap, municipalities would do well to remember that, spread over a period of years, the total requirements become quite formidable. Also, the interest item represents only a part of the obligation, as provision must also be made for retirement of the principal amount involved.

With regard to the policy of reinvesting bond issue proceeds in Treasury obligations, the article by Mr. Ludwig mentioned above, cited several illustrations. The Mankato School District, Minn., for example, marketed an issue of $1,100,000 1.40s earlier in the year and transferred the proceeds to ⅞% United States certificates of indebtedness. The City of Baltimore completely offset the carrying charges on recent award of $5,150,000 ⅞% bonds, having purchased in turn government obligations bearing the same rate.

"In the case of the Mankato school district," Mr. Ludwig said, "it is apparent that it is costing the district only ½% a year while it is waiting, and the directors undoubtedly feel that this would be more than offset if they had deferred their bond sale until after the war, with probably higher rates. In the case of the City of Baltimore, there is no loss involved."

Representatives of the Finance Officers' Association said that "there have been a few rare instances wherein cities have actually sold bond issues bearing a coupon rate lower than that carried by the United States bonds in which they invested the proceeds."

Sees Tax-Exempt Status Endangered

Mr. Ludwig warned that selling bonds now for post-war uses may encourage the government to do away with the tax-exempt status of municipal bonds. Another argument against the practice, he said, is that such sales can be regarded as competing with the war bond drives of the Federal Government. However, bond dealers and cities, he noted, have argued that such bond sales "make available for war effort moneys that would not be invested in war bonds."

Blair & Co. Report on Debt Reduction by Large Cities

A significant contribution to discussions concerning the probable volume of State and municipal financing in the post-war years is available in a study just issued by Blair & Co., Inc., New York City. The report analyzes the changes that have occurred in the debt position of the 91 cities (Washington, D. C., is excluded), with populations of 100,000 or more during the period 1935-1944. It also contains a wealth of other data usually contained in any comprehensive report on the financial standing of a given community.

Among the outstanding features of the survey is that bearing on the extent of reduction of indebtedness effected in the period reviewed by this major group of municipalities. Net direct debt of the group, according to the survey, is now 15.8% below the figure that prevailed in 1935, In respect to net and overlapping debt, a reduction of 18.3% is indicated.

The value of the findings contained in the survey insofar as they reflect basic trends is seen in the fact that the total debt of the 91 cities in question represents 73.1% of the aggregate debt of all cities, towns, villages and boroughs in the country, and 52.8% of the total public debt, exclusive of Federal and State obligations.

All but 10 of the 91 cities show reductions in net direct debt, the changes ranging from a decrease of 78.7% in one instance to an increase of 104.2% in another. Of perhaps more significance is the reductions achieved in the burden of net and overlapping indebtednes, thes urvey showing that 85 cities recorded decreases and six showed gains. The degree of change in this regard shows a maximum individual decline of 68.5%, as against the largest single increase of 28%.

The survey also contains various other data for the cities as a group and individually, such as changes in tax rates, populations, valuations—actual and assessed, and ratios of 1944 debts to assessed valuations and per capita, and comparable figures for both net debt and net and overlapping. Detailed tables show at a glance the findings for each of the 91 cities embraced in the survey.

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Military Conscription

By FRANCIS J. BROWN*

Consultant, American Council on Education

Educational Expert Asserts There Are Few Problems So Vital to Individuals and to the Nation As the Decision on Military Training. Suggests That Decision Should Hinge on Three Questions: (1) Is a Continuous Year's Training Essential for National Security; (2) Should All Individuals Be Required to Undergo This Training; and (3) Is World War III So Imminent As to Require Immediate Action.

Francis J. Brown

In a sense military conscription is tangent to the question of Federal assistance to education, but the problem is so significant, so far reaching in its results, and so imminent that I cannot resist including it in this overall summary. There are few problems facing America today that are so vital to each individual and to the entire nation as is our decision regarding military training. Likewise, there are few problems on which we are so loose in our thinking. Ask almost any group of individuals, "Do you favor military training?" and they will answer, "Yes." This is not the question. The question is, "Do you favor conscription of all youth for compulsory military training for one continuous year in a military establishment and under military control?" This is the position of the Army and the Navy. These are the provisions of the legislation now before the Congress.

This specific question may be broken down into many others. Let me suggest only three: Is one continuous year essential for national security, or is it possible to provide the same or even greater security through some other time allotment, such, for example, as that of the Swiss, in which a 13-week basic program is followed by intermittent periods of 18 days distributed over the years until the individual is 30 years of age? The second question might well be: Should all individuals be required to undergo a year of military training? The war has clearly demonstrated that it is as important to maintain civilian production as to maintain the strength of the military. Millions of men have been continuously deferred to keep the wheels of production moving at maximum capacity. Even the Military itself has demonstrated that of those in uniform millions will never see active combat duty, yet they render maximum service in the thousands of technician jobs for both the Army and the Navy. And the third question which should be asked is this: Is World War III so imminent that we must take action now; is the potential enemy so strong that a reserve force of 15 million men who have been trained, four million of them through combat service, will not provide protection during the period in which we can make an honest and sincere bid for permanent peace? A parallel of this question might be: Who are our potential enemies? Certainly not those who are defeated, for it will be at least a quarter of a century before they can again be ready to strike. Can we build confidence in our Allies by now assuming that one or another of them will be an enemy in so brief a time that we cannot give adequate thought to the full implications of this radical departure from our democratic way of life? We have waged a war to retain freedom. Shall we now voluntarily forego such freedom and give to the Military exclusive control of the lives of all young men at their most impressionable age, to regiment them not alone in skill, but in basic attitudes towards life and towards security?

What, specifically, can such an organization as this do? Certainly it should encourage thought and analysis of all of the issues involved. It can urge the Congress to delay action until the emotionalism of war has subsided and until some indication can be given as to the feasibility of world cooperation and lasting peace. If this is not enough, one step further should be taken. The best defense is offense. Collectively, education should now formulate an alternate plan that will assure security yet preserve our fundamentally democratic way of living. Certainly, we cannot stand idly by, for the forces that favor conscription are being marshalled for action.

Here is another issue on which the united action of education is necessary; it is an issue, too, in which education cannot stand alone. It must unite with labor, management, civic groups, religious oragnizations, and all others in working together to assure security, yet at the same time avoid the conscription of the bodies and minds of our youth.

One thought has run continuously through this discussion: In the formulation of whatever legislation may eventually emerge, all education must unite in its preparation and its promotion. Every effort should be made to avoid piecemeal legislation and to formulate a common pattern that will rebuild the relationships of Federal, State and local support of all education. We must sit down together in council, think courageously, and plan cooperatively. We must join hands with the other forces of American life who are as vitally concerned for the future of education as are we for whom it is our profession. Through such planning and cooperative effort, we can chart the course for the education of tomorrow.

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*Excerpt from an address before the Middle States Association of Colleges and Secondary Schools at the Hotel New Yorker, Nov. 25, 1944.

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NSTA Notes

CHICAGO, BOND TRADERS CLUB OF

On Tuesday, Jan. 30, the Bond Traders Club of Chicago will hold its annual Winter Dinner, at which new officers for 1945 will be presented.

CINCINNATI STOCK & BOND CLUB, INC.

The annual Election Party of The Cincinnati Stock & Bond Club was held Wednesday, Dec. 13, at the Metropole Hotel. About 50 members and guests were present to enjoy the dinner and entertainment. The following members were elected to serve as Trustees for the year of 1945:

W. Power Clancey of W. P. Clancey & Co.
Clifford H. Grischy of Edw. Brockhaus & Co.
Clair S. Hall Jr. of C. S. Hall & Co.
Robert B. Isphording of Van Lahr, Doll & Isphording
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Franklin O. Loveland of Field, Richards & Co.
Stanley G. McKie of Weil, Roth & Irving
Neil Ransick of C. A. Hinsch & Co.
George Riley of W. E. Hutton & Co.
Lloyd W. Shepler of Merrill Lynch, Pierce, Fenner & Beane

KANSAS CITY, BOND TRADERS CLUB OF

At a recent meeting of the Bond Traders Club of Kansas City the following officers were elected for 1945:

President—Arthur I. Webster, E. W. Price & Co.
Vice-President—Harry Coleman, H. O. Peet & Co.
Secretary and Treasurer—John Lotshaw, Harris, Upham & Co.

PHILADELPHIA, INVESTMENT TRADERS ASSOCIATION OF

The annual dinner of the Investment Traders Association of Philadelphia will be held at the Benjamin Franklin Hotel on Friday evening, Feb. 9.

William J. McCullen of F. J. Morrissey & Co. is the dinner chairman and Charles J. Brennan of Blyth & Co., vice-chairman. Reservations are in charge of Samuel K. Phillips Jr. of S. K. Phillips & Co., and Albert G. Snyder of Eastman, Dillon & Co.

SAN FRANCISCO BOND TRADERS ASSOCIATION

On Monday, Dec. 18, the San Francisco Bond Traders Association held its annual Christmas Party at the Fairmont Hotel.

Calendar of Club Events

Baltimore Security Traders Association—Annual Winter Dinner, Jan. 26th.
Boston Security Traders Association—Annual Winter Dinner, Feb. 21st.
Philadelphia Investment Traders Association—Annual Winter Dinner, Feb. 9th.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number sixty-seven of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Let Them Vote!

Louisiana seems to have started something. Some months ago the Louisiana legislature adopted a measure to suspend all so-called "local option" Prohibition elections—"until the boys come home from this war and have their say about it."

Now other states are following suit.

Recently in Colorado an interim subcommittee of the State legislature recommended that all local option elections be postponed for the duration. Minnesota and Indiana are reported to be interested in deferring voting on local option until the boys come home. Delegates to the Nebraska State Convention of the American Legion, in August, adopted a recommendation that the people of the State vote against a proposed Prohibition law in November. This is in support of the policy established by the Legion during its 1942 National convention, recommending that "all action on the question of prohibition be deferred until the end of the war, so that those men and women in the service may have an opportunity to fully discuss, consider and vote on the question when they return." Then came the Bearcat Post of the American Legion of Minnesota, recommending to the legislature of that State, which meets in January, that it enact legislation embodying the Louisiana principle.

Down in Texas, the Lone Star State, an interesting recent experience comes to light: Tarrant County, Texas, voted dry during the first World War, when so many of its voters were absent. This same county a short time ago voted again—and rejected Prohibition—and local observers say that many people voted against the proposal to make the county dry, when servicemen were unable to have their "say."

It seems that we do learn from experience. It seems, too, that the several polls and tests among members of the armed forces *in absentia* have had their effect upon those on the home front whose responsibility it is to deliver back to our boys, when they come home, the way of life they fought to preserve.

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FDR Signs Bill Providing Pensions for Dependents of Deceased World War I Veterans

The signing by President Roosevelt of a bill providing for pensions for widows and children of deceased veterans of the first World War was made known on Dec. 15. Estimated to cost $37,000,000 in its first year, the pension system provides benefits up to $74 a month for families of men who served in World War I, said the Associated Press from Washington on Dec. 15, which also had the following to say:

The measure extends coverage to the families of virtually all World War I veterans, providing pensions regardless of the cause of death. Previously pensions were allowed widows and children only (1) if the veteran died of a disability connected with his war service and (2) if he died of some other cause, but had been disabled in the war.

Widows without children will get $35 a month. A widow with one child will receive $45, and $5 will be paid for each additional child.

A child of a deceased veteran, whose mother also is dead, will get $18. Two orphans will receive $27, three will get $36 and for each additional orphan $4 is provided.

No childless widow can draw a pension unless her annual income is under $1,000, nor can a widow with children qualify unless her income is less than $2,500.

A veteran must have served at least 90 days for his family to be eligible. And, to discourage women from marrying veterans with the idea of obtaining pensions, the law says that any woman who has married a veteran after the effective date of the act must have been married to him for ten years to receive the pension upon his death.

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Michigan Brevities

Indicative of the better times prevailing in the brokerage business, several Detroit firms have petitioned the local War Labor Board office to permit them to pay more than the "4%" bonus approved as national policy.

One firm points out that employees received a month's salary last year and that 4% would amount to only two weeks' pay. It has indicated that were restrictions not in effect, it would have paid an even larger bonus than last year.

* * *

Ed Parson, Jr., President of the National Security Traders Association, was guest speaker at a recent meeting of the Detroit Group which was held in the Penobscot Club.

Also here was Morton A. ayne, head of the Cleveland Group, and Don Miller, Detroit President, presided at the meeting.

* * *

In order to conserve cash resources for necessary repairs and to permit further debt retirement, the Pere Marquette Railway has decided to defer dividend payments, the board of directors of the road announced on Dec. 19.

A refunding of the company's 1956 first mortgage maturities on an advantageous basis in the near future is the aim of the road, the board advised, as it pointed out that since the initiation of the debt retirement policy in Oct., 1942, 18.7%, or $12,-57,600 of the first mortgage bonds outstanding at that time have been purchased by the railroad.

There are now outstanding a total of $52,467,400 first mortgage bonds, divided as follows: $26,-42,400 Series A 5s due 1956; 4,468,000 Series B 4s due 1956; 21,557,000 Series C 4½s due 1980. A wholly-owned subsidiary owns 75,000 of the 4½s.

* * *

Quite a large group of Detroiters went down to Chicago to attend the 33rd annual meeting of the Investment Bankers Association at the close of last month.

In the group were: Philip K. Watson, Campbell McCarty & Co.; Oscar L. Buhr, Detroit Trust Co.; Douglas H. Campbell, First of Michigan Corp.; Henry Hart, First of Michigan Corp.; W. S. Gilbreath, Jr., First of Michigan Corp.; William Moore, McDonald-Moore & Co.; Reginald MacArthur, Miller, Kenower & Co.; Guy G. Wedthoff, H. V. Sattley & Co.; J. Gordon Hill, Watling, Lerchen & Co., and Harold R. Chapel, Crouse, Bennett, Smith & Co.

* * *

The Manufacturers National Bank of Detroit declared a dividend of $3 a share, payable Dec. 23 to stock of record Dec. 15.

At the same time, the bank moved $500,000 from undivided profits to surplus to bring the latter total to $7,000,000. The bank's legal loan limit is now $1,000,000.

* * *

Sale of the physical assets of Detroit Paper Products Corp. to the Inland Container Corp. of Indianapolis is disclosed in a joint announcement by J. Ward Hartke President of Detroit Paper, and H. C. Krannert, President of Inland.

Plans call for substantial expansion, modernization and improvement of plants and equipment of the Detroit Paper plant which will henceforth be known as the Detroit Paper Products division of Inland, Krannert said. Additional equipment will expand both capacity and the line of products turned out here, he added.

Mr. Hartke said no changes in personnel are contemplated by Inland and added that under the plans he would remain with the firm as divisional manager.

* * *

An additional 10% payment amounting to $2,500,000 to holders of certificates of indebtedness of the old Union Guardian Trust Co. has just been approved by Circuit Judge Adolph F. Marschner.

This brings the total payment to date to 70% or $17,008,000 out of total indebtedness of $24,-593,000.

* * *

In approving the recent payment, Judge Marschner, who has acted in a similar capacity since the liquidation started in 1933, commented that early predictions were that the Trust Company would pay only 25%.

* * *

Direct banking connections today have been reestablished by the National Bank of Detroit with Paris, France, for payments to individuals throughout liberated France.

Under the authorization of the Treasury Department, individuals here may remit as much as $500 per month to individuals in France for support purposes (living expenses).

The bank has also been notified that remittances may be made to ten additional provinces in Italy, making a total of 28 provinces in all, in addition to Sicily and Sardinia. The bank has been appointed depository correspondent for the Bank of Italy.

Stone & Webster Eng. Executive Changes

The Board of Directors of Stone & Webster Engineering Corporation at its meeting held on Dec. 20, elected Russell T. Branch, President of the Corporation to succeed John R. Lotz, who was elected Chairman of the Board after serving eight years as President. Mr. Branch's election to the presidency of the Engineering Corporation follows more than thirty years of service with the Stone & Webster organization during which period he has been successively Superintendent of Construction, Construction Manager, Vice President and Senior Construction Manager, and Executive Vice President.

Mr. Branch joined the Stone & Webster organization on his graduation from Stevens Institute of Technology in 1912, has supervised and directed many outstanding projects in the public utility and industrial fields, and during the present war has devoted substantially his entire attention to the management of important ordnance and other projects essential to the war effort designed and constructed by the Corporation for the United States Government.

Mr. Lotz, under whose guidance the organization has successfully executed an unprecedented volume of work, will continue to have an active part in the affairs of the Corporation.

The Board of Directors also announces the election of Emmart LaCrosse as Vice Chairman of the Board, Joseph Pope as First Vice President, and Karl Finsterbusch, H. E. Brailey, R. E. Argersinger and H. L. Bunce, Jr., as Vice Presidents of the Corporation.

Straus & Blosser to Be Formed in Chicago

Will be NYSE Member

CHICAGO, ILL. — The New York Stock Exchange firm of Straus & Blosser will be formed as of Jan. 2, 1945, with offices at 135 South La Salle Street.

Partners will be Frederick W. Straus, who will acquire the Exchange membership of Benjamin H. Roth; Joseph D. Blosser, Franklin B. Schmick, Arthur S. Grossman, Milton J. Isaacs, Samuel G. Eisenstadt, Robert M. Markwell, general partners, and Mary S. Engelman, limited partner. General partners were officers of Straus Securities Co., except Mr. Eisenstadt and Mr. Markwell who headed the statistical and research departments of that firm.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum on the Sept. 30th, 1944 statement of the bank, which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

H. H. Butterfield Member of Detroit Stock Exchange

JACKSON, MICH.—Harold H. Butterfield, proprietor of H. H. Butterfield & Co., Jackson City Bank & Trust Co. Building, has become a member of the Detroit Stock Exchange, it is announced by Clark C. Wickey, Executive Vice-President of the Exchange.

American Hardware Corp.
Scovill Manufacturing Co.
Torrington Co.
Conn. Light & Power Co.
Connecticut Power Co.
United Illuminating Co.
Markets and memoranda on these Connecticut companies available on request

CHAS. W. SCRANTON & CO.
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Connecticut Brevities

Net earnings of Veeder-Root, Inc., for the current year to Nov. 5 were $586,240, or $2.93 a share after charges, taxes, etc., against $712,435, or $3.56 for the corresponding period in 1943 (to Nov. 7). Earnings before Federal income taxes and excess profits taxes and contingencies for these periods were $2,184,046 and $2,840,821, respectively.

On Dec. 11 the common stockholders of The New Haven Clock Co. received 37½ cents per share in dividends, the first payment since October, 1937. With the payment of $3.25 on the 6½% preferred stock in May, the company cleared up arrears on that issue.

Subsequent payments have continued at the regular quarterly rate of $1.62½, bringing total disbursements for the year up to $14.62½ on the preferred.

This company is among the few industrial concerns which has been in existence over 125 years. The outgrowth of an organization founded in Plymouth, Conn., this concern was established in New Haven just a century ago. This company or its predecessor company has produced timepieces since 1817, and is now converted to war-time production of fuses electrical devices for the Navy Department, instruments for airplanes, and a variety of automatic parts for war plants.

* * *

Mr. Warren C. Heidel of Putnam & Co., Hartford, has recently published a book entitled "The Banking Industry and the Position of Bank Stocks from the Viewpoint of the Investor." In its original form this discussion was submitted as a thesis in partial fulfillment of the requirement of the Graduate School of Banking conducted by the American Bankers Association at Rutgers University.

* * *

Mr. Lucius F. Robinson Jr., partner in the law firm of Robinson, Robinson & Cole of Hartford, and President of the Hartford County Bar Association, has been elected a member of the board of trustees of the Central Hanover Bank & Trust Company.

* * *

On Jan. 9, 1945, the stockholders of the Second National Bank of New Haven will vote on a proposal to increase the $50 par capital stock from 15,000 to 20,000 shares by a 33⅓% stock dividend. The directors propose to transfer $250,000 from undivided profits to surplus. These changes would result in capital of $1,000,000 and surplus of $1,000,000.

* * *

As of Nov. 30, Porter B. Chase resigned as Vice-President of the Hartford Fire Insurance Co. Effective Dec. 31, three Vice-Presidents will retire: James Wyper, Frederic C. White and Channing S. Timberlake.

* * *

The income account of the New York New Haven & Hartford RR. for the 10 months ended Oct. 31 showed total operating revenue of $153,012,631, compared to $149,-963,388 for the corresponding period in 1943. Net railway operating income was $18,387,523 against $28,957,069 a year ago, while available for fixed charges was $22,083,091 as compared to $32,236,893.

Fixed charges were covered 2.18 times against 2.97 times for this period last year.

* * *

The New York New Haven & Hartford RR. has announced that the Defense Plant Corporation has leased from the company the old Westchester yards near Pelham Bay Park, New York, on which warehouses will be erected for storage of surplus war goods.

* * *

Robert B. Coolidge has been elected Vice-President of the Aetna Life Insurance Co. to replace S. T. Whatley, who died on Dec. 1, 1944.

* * *

Mr. Austin R. Zender has been elected Vice-President in charge of sales of the Bridgeport Brass Co.

* * *

Dividend Payments

Among the annual dividend rates changed by recent declarations are the following:

	1944	1943
Connecticut Lt. & Power Co. common	$2.40	$2.20
Hart & Cooley Co.	5.75	5.50
Arrow - Hart & Hegeman Electric Co.	2.50	2.75
Bridgeport Brass Co.	.90	1.00
Marlin-Rockwell Corp.	4.00	5.00
New Britain Machine Co.	2.50	4.00
North & Judd Mfg. Co.	2.25	2.50
Remington Arms Co., Inc., common	.25	.30

Bright Future Prospects

The steadily increasing improvement in available tanker capacity, coupled with expanded pipeline facilities, offer bright prospects for the future of the Venezuelan subsidiary of Sinclair Oil Company, according to a study of the company prepared by Ira Haupt & Co. It is anticipated that 1944 will be the first year in which the parent company will derive substantial income from its Venezuelan holdings, the firm says.

Also discussed in the circular are earnings, dividends, range of prices, returns per share based on current dividend rate and price, and the financial strength of the company.

Copies of this interesting study, and a detailed memorandum on Midland United Company may be had from Ira Haupt & Co. upon request.

National Stamping Co.
Report furnished on request

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Hartford and
Connecticut Securities
Hartford 7-3191
New York:
BOwling Green 9-2211
Bell System Teletype: HF 365

Offer 800,000 Shares of Common Stock of Bank of America NTSA

Eastman, Dillon & Co., Lehman Brothers, and The First Boston Corporation head a group of 140 investment houses underwriting an offering on Dec. 18 of 800,000 shares of $12.50 par value common stock of Bank of America National Trust and Savings Association, at $53 a share. The principal offices of the bank are in San Francisco and Los Angeles. The group has underwritten the bank's proposed offering to stockholders of 800,000 shares in the ratio of one new share of common stock for each five shares of common stock owned of record Dec. 15. The underwriters have agreed, subject to authorization by stockholders and approval by the Comptroller of the Currency, to purchase the portion not subscribed for by stockholders, and the public offering refers to this unsubscribed portion. The announcement states:

"Proceeds from the sale, which will increase outstanding common stock to 4,800,000 shares, will be used to augment the bank's capital funds, amounting on Sept. 30, 1944, to $181,845,723. Such capital funds consisted of $50,000,000 common stock represented by 4,000,000 shares then outstanding, $8,085,550 preferred stock represented by 404,278 shares of $20 par value preferred stock, $75,000,000 surplus, $40,603,205 undivided profits, other reserves, $4,080,464, reserve for increase of common capital, $3,914,440, and preferred stock retirement fund, $162,054. The increase in the capital was decided upon by the management because of its opinion that following adjustments caused by the ending of the war the growth of the bank will be continued. Total resources increased to approximately $4,200,000,000 on Nov. 15, 1944, from $2,095,000,000 on Dec. 31, 1941.

"Pro forma earnings in the nine-month period ended Sept. 30, 1944, after giving effect to the new financing, were equal to $3.73 per common share, compared with $3.83 a common share for the full year 1943 and $3.34 a common share for the full year 1942. The meeting of shareholders to vote on the proposal will be held Dec. 28."

Driscoll Elected Head Of Research and Management Council

Andrew J. Lord, Chairman of the Board, announces that Robert S. Driscoll, formerly vice-president, has been elected president of Research & Management Council, Inc., portfolio management company for the Lord-Abbett group of Investing companies. This group of companies now has total assets of $62,000,000.

Aircraft & Lumber Situations of Interest

White & Co., 506 Oliver Street, St. Louis, Mo., have prepared an interesting analysis of Rohr Aircraft based on the annual report for the fiscal year ended July 31, 1944, copies of which may be had upon request. Also available is White & Company's original bulletin on Pickering Lumber Corp., with supplementary information, discussing the attractive outlook for this company.

Ungerleider to Admit

John Dassau and Harry Michaels will become partners in Ungerleider & Co., 41 Broad St., New York City, members of the New York Stock Exchange, effective Jan. 2.

Goldman, Sachs & Co. 75th Anniversary

Goldman, Sachs & Co., 30 Pine Street, New York City, this week observed the completion of 75 years of industrial and investment banking, the occasion being marked on Dec. 18 by a dinner at the Hotel Pierre, attended by partners and employees of the firm. Three quarters of a century ago the business was founded by Marcus Goldman with the opening, in 1869, of a small basement office in an old four-story building on the same site as the present banking house at 30 Pine Street. Here Marcus Goldman commenced the purchase of bills receivable and commercial paper from merchants in the diamond and leather trades and the resale of these notes to the leading commercial banks of the time. With the passage of years this business was extended to national scope, and the firm is recognized today as the leader in the commercial paper business.

Following the entry of Henry Goldman, a son, and Samuel Sachs, a son-in-law, into the firm in the early 1880's, the business was broadened to include dealings in securities. In 1894 the firm became a member of the New York Stock Exchange, Harry Sachs, a brother of Samuel Sachs, being admitted to partnership and becoming the firm's first Stock Exchange member.

In 1906 Goldman, Sachs & Co. initiated the general public offering of industrial stocks in this country with an issue of shares of United Cigar Manufacturers Company, the predecessor of the present General Cigar Company, Inc. This offering was followed by the introduction to public ownership of the stocks of other nationally known enterprises. The firm, it is stated, is generally credited with having developed during this period the then new concept of basing the issuance of industrial shares on earning power.

The announcement in the matter also says in part:

"In the period of activity that marked the decade after World War I, the firm acted as banker in the organization and development of three of the country's leading food enterprises—General Foods Corporation, National Dairy Products Corporation and United Biscuit Company of America. Public financing was effected for many additional enterprises, the ownership of which had previously been closely held, and further financing steps were taken for both new and old corporate customers as their businesses grew and required additional funds.

"More recently, with the revival of the securities business following the depression, the firm has extended its activities to participation in the underwriting of security issues in the railroad and public utility fields. At the same time it has retained and developed its primary interest in industrial financing.

The activities of the firm in New York and in branch offices in Boston, Philadelphia, Chicago, and St. Louis are now conducted by 11 partners: Walter E. Sachs, a grandson of the founder; Henry S. Bowers, Howard J. Sachs, Sidney J. Weinberg, Ernest Loveman, Miles J. Cruickshank, Robert V. Horton, Walter F. Blaine, T. Spencer Shore, all resident in New York, and Alfred E. Hamill and James C. Hemphill, resident in Chicago.

Dixon & Co. to Admit

PHILADELPHIA, PA. — Dixon & Co., 1411 Chestnut St., members of the New York Stock Exchange, will admit Donald F. Lippincott to partnership in the firm on Jan. 1.

ST. LOUIS REAL ESTATES

Ambassador Inv. liq. pref.
Castlereagh Corporation
Chase Hotel vtc
Coronado Hotel Units
Forest Park Hotel
Fox St. Louis Property Units
Jefferson Hotel com. & pfd.
Mayfair Hotel common
Park Edge Apartments
Sanjanet Apartments
Central Properties
Inc. 5s, 1949 w.s.

Congress & Senate
Inc. 6s, 1944 w.s.
Embassy Apartments
Inc. 6s, 1944 w.s.
Gatesworth Inv. Inc. 5s, w.s.
Hotel Lennox Inc. 5s, w.s.
Jefferson Hotel 4/6s, 1953
Lindell Tower 5s, 1945
Marmaduke Apartments
Inc. 5s, 1951 w.s.
Mayfair Hotel Inc. 5s, w.s.
Plaza Olive Bldg. 6s, 1940

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Missouri Brevities

Western Cartridge Co. Merger and Recapitalization Plan Approved

The merger of the Olin Corporation and Western Cartridge Company and the recapitalization and change of name of the latter to Olin Industries, Inc., was approved by Western Cartridge stockholders at a special meeting held Dec. 11, 1944, at the office of the company, East Alton, Ill. Present holders of Western Cartridge 6% cumulative preferred, $100 par, will receive a share for share exchange of new 4% cumulative preferred, $100 par, redeemable at any time on 30 days' notice on or before Dec. 31, 1950, at 105 per share; thereafter, and on or before Dec. 31, 1960, at $102.50 per share; and thereafter at 100 per share plus accrued and unpaid dividends in each instance. Common stockholders of Western will receive 75 shares of new common, $1 par in exchange for each share of $100 par value common held.

Total outstanding capitalization, giving effect to the merger, will consist of 155,624 shares 4% cumulative preferred $100 par, and 2,130,300 shares of common stock, $1 par. Split-up of common is expected to increase the marketability of the stock which is very closely held. Olin Corporation stockholders approved the merger several weeks ago.

Products of the new company and its various subsidiaries include ammunition, ammunition components, firearms, explosives, brass and other non-ferrous metals, flash lights, batteries, skates, traps and targets used in trap and skeet shooting. Winchester Repeating Arms, a subsidiary acquired in 1931, is one of the larger units owned. Another subsidiary, the United States Cartridge Company, operates the $125,000,000 St. Louis Ordnance plant, said to be the world's largest plant producing rifle and machine gun ammunition. Olin Corporation operates an aluminum reduction plant for the Defense Plant Corporation at Tacoma, Wash.

Huttig Sash and Door

Stockholders of Huttig Cash & Door Company have approved a plan to retire 7,639 shares of 7% cumulative preferred by exchange for a new issue of 5% cumulative, par for par. Any unexchanged preferred will be called at 110 and accrued dividend. Call price of the new preferred also will be 110 per share.

Funds to redeem unexchanged stock will be provided through a bank loan.

National Bearing Metals Merger Approved

Stockholders of National Bearing Metals Corporation and American Shoe Company have approved the proposal to merge the two companies. Each share of National Bearing Metals common stock is currently exchangeable for one-half share of American Brake Shoe common.

Kansas City Public Service

Confirming expectations of St. Louis interests closely identified with the company's affairs, directors of Kansas City Public Service have declared dividends of $3.50 per share on the new preferred stock certificates covering semi-annual dividends of $1.75 each due July 1, 1944, and Jan. 1, 1945, and $0.25 per share on the new common stock certificates, both dividends payable Jan. 1, 1945, to holders of record the same day, or upon exchange of old for new certificates. Net profit in October is said to be the largest for any month in the company's history.

A large rehabilitation program has been announced with 75 new street cars already on order, U. S. Government bonds owned total $2,500,000 and should enable the company to complete the program without increasing the small funded debt.

Investment Groups to Hold Christmas Parties

ST. LOUIS, MO.—Following the customary pattern of many years, the Mississippi Valley Group of the IBA will hold its annual Christmas party luncheon and drawing today, Dec. 21, in the Crystal Room of the Jefferson Hotel.

The Security Traders Club of St. Louis has scheduled its Christmas party for the afternoon of Dec. 23 in the Mark Twain Hotel's Steam Boat Room.

Soss Mfg. Co. Common Offered Publicly

An underwriting group headed by Ames, Emerich & Co., Inc., on Dec. 19 offered 98,772 shares (par $1) common stock of Soss Manufacturing Co. at $8.375 per share. This offering represents stock purchased from five individual trusts.

Of the 98,772 shares offered 15,000 shares will be repurchased by the present management at the time of the offering, leaving 83,772 shares to be offered publicly.

Other members of the offfering syndicate include: Baker, Simonds & Co.; Dempsey & Co.; Kalman & Co., Inc.; Taussig, Day & Co., Inc.; Sills, Minton & Co., Inc.; Courts & Co.; George D. B. Bonbright & Co.; Van Alstyne, Noel & Co., and Bingham, Walter & Hurry.

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Canadian Securities

By BRUCE WILLIAMS

With the war in Europe taking a grimmer note and in view of all the unfavorable publicity Canadian soldier draft problems have received in this country recently, it might be well to emphasize again the magnitude of the Canadian war effort. The following "Balance Sheet" prepared by the "Financial Post" gives a partial measure of what Canada has done and is doing.

BALANCE SHEET WITH BRITAIN
(In millions of dollars)

What Britain Needs—	1943-44	1944-45*
Munitions	908	1,300
Foods	421	500
Base Metals	150	120
Lumber & Wood Prod.	96	100
Other Items	298	330
Total	1,873	2,340
How Britain Pays—		
(a) Can. Forces Overseas, etc.	534	1,000
Sale of U. K. Plants in Canada	165	----
Liquidation of Working Cap. Balances	190	----
Direct Exports	101	300
Int. Freight, Divds.	97	
Sundry	62	
(b) Mut. Aid (gift)	724	840
	1,873	2,140
The Balance Owing		200†

*Tentative estimates by The Financial Post. †Exclusive of $100 or $150 millions deficit from other sterling areas for which U. K. is in large measure responsible.

It will be noted that, of the $2,340 million of foods and basic war materials which Canada will undertake to supply to Britain during the 1944-1945 fiscal year, nearly 40% will represent "mutual aid," which is simply a tactful label for outright gifts.

Despite the $840 million of mutual aid, the balance sheet shows a British debit balance of $200 million for the 1944-1945 fiscal year. This debit balance and the possible methods of handling it in order to permit continued shipment of supplies, has been the subject of discussions between British and Canadian leaders at Ottawa in recent weeks.

When one considers the extent of Canada's participation in the war, it is not too difficult to understand Canadian irritation at the critical attitude of some Americans toward our Allies. A recent article in "American Magazine" by Senator Brewster of Maine, "Let's Not Be Suckers Again," touched off the following editorial comment in the "Financial Post":

"Slowly the world is learning that enlightened unselfishness is the only profitable selfishness. By building up the tragic error that America is hurting herself by things like Lend-Lease, post-war dollar credits and policies designed to foster two-way trade, Brewster and the editors of 'American' are simply striking a powerful blow on behalf of the stupidities and cupidities that fostered the last depression that helped bring on the present war.

"The world's greatest problem for the future is not Germany, the Japs or anybody else. It is whether or not America will fully and sagaciously play her due role in world affairs."

* * *

Turning to the markets for the past week, there was good demand throughout the list with prices maintaining their recent steady undertone. Albertas continued to improve in anticipation of the settlement of the long-standing debt problems of that province. Montreals showed better technical action and recovered slightly from their recent softness induced by the change from one-coupon to two-coupon obligations and the extension of maturities.

The generally improved tone was reflected in the rate for the Canadian dollar which closed up slightly to 10¼% discount.

The present outlook is for continuing good demand with prices steady to firm in all major sections of the market.

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J. S. Myers of Phila. With Y-Force Staff

Y-FORCE OPERATIONS STAFF, SOUTHWEST CHINA—Technical Sergeant James S. Myers, 26, formerly Assistant Cashier of the Bankers Bond & Mortgage Company in Philadelphia, Pa., is on duty as sergeant-major at headquarters of the Y-Force Operations Staff, the world's largest military mission.

Y-Force, under the leadership of Brigadier General Frank Dorn, of San Francisco, Calif., has the task of increasing the combat efficiency of the Chinese Expeditionary Force by training them in the use of modern weapons furnished them by the United States and in modern battle tactics, as well as furnishing them automotive, medical, and signal equipment and large quantities of ammunition in the sizes to fit the varied types of Chinese weapons.

Part of the CEF, accompanied by units of medical, signal and maintenance personnel of Y-Force has been pushing the Japanese out of Western Yunnan across the Salween River and along the Burma Road in an effort to reopen this historic supply line and join up with the Ledo Road pushed down through northern Burma by General Joseph W. Stillwell's forces.

Myers was graduated from Simon Gratz High School in Philadelphia in 1936, after which he worked for Bankers Bond & Mortgage Co. until he was inducted into the Army in November, 1942. He was sent overseas in April, 1943, and was stationed in New Delhi, India, until sent to China to become part of Y-Force in June, 1943.

Myers is not married and his mother, Mrs. Julius S. Myers, lives at 5005 N. Sydenham Street 41, Philadelphia, Pa.

For his service with Y-Force, Sergeant Myers is entitled to wear a bronze star on his Asiatic Pacific Campaign ribbon.

Toronto Bond Traders Elect New Officers

TORONTO, ONT., CANADA—At the recent annual meeting of the Toronto Bond Traders Association the following officers were elected for 1944-1945:

President—Robert A. Webster, Royal Bank of Canada.

Vice-President — Thomas H. Baker, A. M. Ramsay & Co.

Secretary-Treasurer—Robert P. Howard, Gairdner & Co. Limited.

Committee — Larry L. Bell, James Richardson & Sons; Stanley Cox, J. R. Meggeson & Co.; R. M. W. Hitchcock, McLeod, Young, Weir & Co., Ltd.; C. W. McBride, Midland Securities Limited; William E. Parker, Dominion Securities Corp., Ltd.; J. F. Van Duzer, Mills, Spence & Co., Ltd.

Hare's Send'g Memo Books

Hare's Ltd., 15 Exchange Place, Jersey City, N. J., and 19 Rector Street, New York City, are sending out attractive pocket memorandum and address books this year with their greetings for the season.

Advocate Reparations

(Continued from page 2708)

count for ceded territories which were part of the Axis countries at the conclusion of the First World War.

In discussing the types of reparations the bulletin states:

Payment of reparations can be made in several forms: (1) in cash, that is, in the currency of the obligor or in the currencies of the recipient countries; (2) in kind, i. e., commodities which the paying country possesses or is able to produce, such as raw materials, livestock, building materials, railway equipment, industrial machinery, and all kinds of manufactured goods; (3) in entire industrial plants, either by dismantling existing plants, transferring and reassembling them in the reparation creditor countries, or by erecting new plants in the countries ravaged by the aggressor; and (4) in labor, that is, utilization of the manpower of the defeated country in reconstructing the areas devastated by it, which would compensate the occupied countries for the loss of population. In order to equalize effectively the burden of reconstruction and prevent Germany and the other aggressors from enjoying economic advantages over the countries despoiled by them all four types of reparations may have to be imposed.

Experience has definitely proved that collection of reparations in cash and in the currencies of the recipients is not possible and when tried has an adverse effect on the international money markets. Only when the recipient has the power to control prices in the obligor's country, to requisition goods and services, to compel the sale of property and securities, and to control completely the financial affairs of the country — powers similar to those exercised by Germany in the conquered countries — is the collection of reparations in cash in the currency of the payor effective and advantageous. It is not likely that the United Nations will impose on Germany reparations payable in marks or in foreign exchange.

As to reparations in kind the bulletin states:

In imposing reparations in kind several factors must be considered, particularly as regards Germany and Japan. Both countries must import substantial quantities of raw materials in order to export. If the greater portion of their output is shipped abroad as reparation payments, their ability to import will be drastically curtailed. This will not only reduce the volume of international trade but will also impair the ability of these countries to make deliveries of goods on reparations account.

Payments of reparations in kind should not result in an enhanced international competitive position of the defeated country. The latter will endeavor to reduce costs of production and increase efficiency in order to meet reparations as well as the domestic demand. Upon completion of reparation payments the efficient industrial plant of the defeated country will be in a strong position to compete in foreign markets with the industries of the recipient countries. This would vitiate one of the objectives of reparations, i. e., to prevent the defeated aggressor from gaining economic ascendancy over the countries despoiled by him.

In analyzing reparations in labor the bulletin states:

It is certain that the demand for reparations in labor will encounter a great deal of opposition, particularly in the United States and Great Britain. Objection has been voiced already by labor representatives in these countries on the ground that drafting labor would not only violate the principle of free trade unionism but also "continue human slavery."

Reparations in labor, too, have certain advantages and disadvantages. The outstanding advantages are: (1) It will prevent Germany from enjoying a demographic advantage in the next 20 or 30 years. If several million young Germans were to be transferred from Germany to the liberated countries and employed there for a number of years in rebuilding the destroyed economies, it would obviously result in a decline in the German birth rate. This would mean that in 20 or 30 years hence — the period required in the past by Germany to prepare a new aggressive war—Germany would have a smaller population of military age than would otherwise be the case. (2) It would hasten the reconstruction of the ravaged countries and at the same time retard the rebuilding of Germany. The devastation in the conquered countries, notably in Eastern Europe, has been exceedingly great. Millions of men will be needed to rebuild houses, public buildings, utilities, plants, bridges, and dams. Since the population of the invaded countries has decreased materially, owing to the heavy war casualties and particularly to the policy of transferring millions of subjugated people for slave labor to the Reich, outright murder of millions of people, and the long-range German policy of depriving non-German people of proper food, medicines, clothing, and shelter, these countries are bound to have a shortage of labor for a number of years. It would be just retribution to compel the Germans to atone for their wanton destruction in a manner benefiting the despoiled people, and it may make some Germans less anxious to embark on new wars of aggression. (3) The employment of German manpower could have, if a proper plan is adopted, a favorable educational effect on a number of Germans who would for the first time come in contact with free foreign labor and democratic institutions.

Some of the important disadvantages are: (1) Many people, particularly in the democratic countries, would consider reparations in labor as a form of slave labor. The argument would be presented that in imposing reparations in labor the democratic countries would be imitating Germany in her most despicable acts. This would be utilized in subtle ways by the German masters of propaganda to cause agitation against reparations in general, which in turn would jeopardize the collection of other types of reparations and might even weaken the enforcement of the military and political provisions of the treaty of peace. (2) It will be argued that since Russia suffered the greatest destruction, most of the young Germans drafted for labor would be sent to the Soviet Union and thus be subjected to communistic doctrine and influence. On their return home they might attempt to bring about an economic and political change in the Reich. (3) It is also certain that the German population will bitterly resent the conscription of labor and will resort to secret opposition. Many of the young men drafted for labor in foreign countries will evade deportation by going underground with the active aid of the whole population, as was the case in France, and become easy prey to political agitators. Since political conditions in Germany are likely to be unstable for a number of years after her defeat, such a development is obviously not desirable. However, in view of the vast number of people of Russian nationality murdered in cold blood by the Germans and of millions of Soviet citizens deported to the Reich for slave labor it would be difficult to object on economic or humanitarian grounds if Russia were to demand from Germany reparations in labor.

When it's warmer in the shade!

YOU'LL have a warmer house this winter if you pull your shades down at night. This, and other simple precautions in conserving heat will make your coal pile go 10% further—and save that much in your fuel bill.

This year it's more necessary than ever to conserve coal. Not because less coal is being mined. More is being mined this year than last—by fewer men. Mine owners and miners alike are doing a splendid job. And there are adequate rail facilities for transporting coal.

But certain grades and sizes of coal are needed for war production. And, in addition, your local dealer is handicapped by a shortage of manpower, trucks, and tires. So be patient with him. Take the coal he is able to deliver to you. Order before the bin is empty.

And, in addition, conserve coal. Be sure your furnace is clean and in good repair. Fire carefully. Weatherstrip doors and windows. Pull your shades. Close off unused rooms. If you can, insulate. For other suggestions see your dealer.

One of the biggest jobs of the C&O Lines is hauling coal from the mines along its routes, so we're in a position to understand the problem, and to know how essential coal is these days.

Chesapeake & Ohio Lines

CHESAPEAKE AND OHIO RAILWAY
NICKEL PLATE ROAD
PERE MARQUETTE RAILWAY

Save Coal—and Serve America

THE LORD-ABBETT GROUP
OF INVESTING COMPANIES

Union Bond Fund "C"
Prospectus upon request

LORD, ABBETT & Co.
INCORPORATED
NEW YORK • CHICAGO • JERSEY CITY • LOS ANGELES

Mutual Funds

Merger Consummated

The previously announced merger of **Quarterly Income Shares and Maryland Fund** into the **Lord, Abbett**-sponsored **American Business Shares** will be consummated at special stockholders' meetings of all three funds today (Dec. 21). This merger will increase the assets of American Business Shares to over $30 million and will bring the total assets of investment companies under Lord, Abbett sponsorship to approximately $60 million.

Shares of **American Business Shares** (which have been withdrawn from public offering during the period of merger negotiations) will again be available for public distribution. In connection with the renewed offering of these shares, subject to a new registration now pending with the SEC, the 40,000 shareholders of the combined fund will receive stock purchase warrants entitling them to purchase up to 38% of the number of shares now owned.

These warrants will be negotiable and will be good until Jan. 31, 1945. They permit purchase of the shares of **American Business Shares** at a discount of 1.6% from the published offering price, or at a load of 7% instead of the standard 8.6%. During the period of the warrant campaign the dealer concession on all sales of American Business Shares will be raised to 6%.

Protection Against "HCL"

North American Securities Co., in a memorandum on **Commonwealth Investment Co.,** shows the protection which this fund has given against "HCL" (High Cost of Living) since the end of 1937. Here are the results:

1. The asset value per share of Commonwealth has risen substantially **more than the** cost of living since the end of 1937 and since the end of 1941.
2. Dividends on Commonwealth in 1944 bear almost exactly the same relation to the cost of living as they did in the 1938-40 period.
3. Commonwealth has given **substantially better protection** than the Dow-Jones Industrial Average.

And during this period, it is pointed out, Commonwealth has not only kept pace with the rising cost of living but has provided the safeguards which come only with adequate diversification.

Post-War Purchases

National Securities & Research Corp.'s current memorandum on **National Income Funds** summarizes the results of three important surveys on post-war business. Here they are:

1. **According to the U. S. Chamber of Commerce, 64% of America's families intend to make one or more major purchases within six months after the war ends.**
2. **A preliminary study by the Department of Commerce concludes that a business boom would not require substantial dipping into the public's accumulation from wartime earnings.**
3. **A third survey, conducted by the Troy Savings Bank of Troy, N. Y., and projected on a nation-wide basis, arrives at the staggering sum of $102.6 billion in contemplated purchases after the war.**

Railroad Stock Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST. • NEW YORK 5, N. Y.

Aviation Shares

"An Investment in the Future of Aviation," is the way **Distributors Group** describes **Aviation Shares** in a new folder.

The covering letter, while stressing the values available in this group at this time, points out that these stocks may be highly vulnerable **temporarily** to conditions resulting from the war's end.

"It may be that aircraft stocks will be available then, for a short time, at lower than present prices.

"It may be that their then setback, if any, will be from levels so much higher than present prices that prospective buyers will lose rather than gain by waiting."

INCORPORATED INVESTORS
Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON
Management Associates, Boston, Mass

NATIONAL SECURITIES SERIES
Prospectuses upon request
National Securities & Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Investors Mutual, Inc.
Prospectus on request from Principal Underwriter
INVESTORS SYNDICATE
MINNEAPOLIS, MINNESOTA
REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

Quiz

Lord, Abbett, in the current issue of **Abstracts,** asks these questions:

1. When will the war in Europe end?
2. How much decline in war production will it bring?
3. How long will it take industry to reconvert to peacetime production?
4. What will be the level of industrial production after reconversion?

In answering these questions, **Lord, Abbett** cites high authority in each case and, on the basis of the answers, concludes that the Dow-Jones Industrial Average could rise about 30% and still be on a reasonable price-earnings relationship.

Inflation Dynamite

Vance, Sanders' current issue of **Brevits** points to the potential "inflation dynamite" in the tremendous volume of currency now in the hands of the public. This bulletin concludes with a quotation from Joseph Stagg Lawrence: "Common stocks, therefore, constitute the only remaining safeguard against a melting dollar."

Regulated Investment Company

Selected American Shares has elected to become a "regulated investment company" for tax purposes.

* * *

Scudder, Stevens & Clark Fund, Inc., reports total net assets of $18,800,198 at the close of November, 1944, compared with $16,305,588 a year earlier.

Mutual Fund Literature

Distributors Group — A memorandum on "Estimated Taxability of 1944 Dividends on Shares of **Group Securities, Inc.**; two current issues of **Railroad News**; monthly Investment Report on **Group Securities, Inc. . . . Keystone Corp.**—Current issue of **Keynotes. . . . Selected Investment Co.**—Memorandum, "Is 'Legal List' a Protection?"; current portfolio memorandum on **Selected American Shares.**

Dividends

Affiliated Fund—A dividend of 3¢ per share payable Jan. 20, 1945 to stock of record Jan. 10.

Eaton & Howard Balanced Fund—A dividend of 20¢ a share and an extra dividend of 50¢ a share payable Dec. 23, 1944, to shareholders of record Dec. 15.

Institutional Securities, Ltd.—A dividend of 3¾¢ a share on Insurance Group Shares payable Jan. 31, 1945, to stock of record Dec. 31, 1944.

Investors Mutual, Inc.—A dividend of 30¢ a share payable Dec. 27, 1944, to shareholders of record Dec. 16.

National Securities Series and First Mutual Trust Fund—The following estimated distributions per share payable Jan. 15, 1945 to stock of record Dec. 31, 1944:

National Securities Series—	Estimated Jan. 15, 1945 Distribution
Bond series	$0.10
Low-priced bond series	0.11
Low-priced common stock series	0.05
International series	0.25
FIRST MUTUAL TRUST FUND	0.09

Selected American Shares, Inc.—A special capital profits dividend of 15¢ a share payable Dec. 27, 1944, to shareholders of record Dec. 18. (This is in addition to the previously declared dividend of 26c a share for the same dates.)

Scudder, Stevens & Clark Fund Inc.—A regular dividend of 75¢ a share and an extra dividend of 70¢ a share payable Dec. 20, 1944 to stockholders of record Dec. 11.

Thompson Products Common Stock Offered

An underwriting group headed by Smith, Barney & Co. and McDonald & Co. on Dec. 19 offered to the public 60,000 shares of common stock of Thompson Products, Inc. The stock was priced at $47.50 a share.

Net proceeds to be received by the company from the sale of these shares will be added to funds available for general corporate purposes. The company intends to make substantial expenditures for purchases of machinery and equipment for the purpose of manufacturing new products, enlarging productive capacity and effecting cost savings. In addition, negotiations are in progress for the purchase of the land and buildings comprising the plant in Euclid, Ohio, now leased to Thompson Aircraft Products Co. by the Defense Plant Corporation.

Funded debt and capitalization of Thompson Products after giving effect to this financing will consist of $2,700,000 of notes, payable to banks in equal installments of $450,000; 45,000 shares of 5% cumul. preferred stock of $100 par value, and 359.737 shares of no par common stock.

For the eight months ended Aug. 31 the company reported a net profit transferred to surplus of $1.474,869. The consolidated balance sheet of the company and subsidiaries on Aug. 31 last showed current assets of $21.479,198, against current liabilities of $9,472,694.

Link, Gorman Reopens Green Bay, Wis., Office

CHICAGO, ILL.—Link, Gorman & Co., Inc., 208 South La Salle Street, announce the reopening of their Green Bay, Wisc., office, located in the Northern Building under the management of John C Reinhart. Mr. Reinhart has been on leave of absence from the company since early in 1942 at which time he became the director of the Green Bay OPA district. His resignation from the OPA, effective Dec. 15, enables him to rejoin Link, Gorman & Co., Inc., in his previous capacity.

New England Fund
Prospectus on request

GENERAL INVESTORS TRUST
Prospectus on request

DISTRIBUTORS:
A. W. SMITH & CO., Inc.
111 DEVONSHIRE STREET
BOSTON, MASS.

U. S. Fidelity Guaranty Official Changes

E. Asbury Davis, President of the United States Fidelity and Guaranty Company, announces that Alonzo Gore Oakley, Vice-President of the Company at New York, who has been with the organization for more than 47 years, will retire on Dec. 31 under the company's plan, but will remain in an advisory capacity until early spring. Mr. Oakley, a dean of the surety and casualty business who has been with U. S. F. & G. longer than any other employee, consented to serve as an advisor, at the urgent suggestion of other company officials.

William A. Edgar, manager of the Philadelphia branch office, will assume the management of the New York office on Jan. 1, replacing William H. Estwick, who is also retiring on Dec. 31, after 40 years of service. Mr. Edgar was formerly vice-president and agency director at the home office of U. S. F. & G. He went to Philadelphia as manager in 1934, and that office subsequently won for three years, the Davis Cup Award, highest honor in the organization for distinguished service among branch offices.

Ray L. Walker, at present, assistant manager of the New York ofifce, will succeed Mr. Edgar as manager of the Philadelphia office at the beginning of the new year.

Adolphus A. Jackson, assistant manager will retire voluntarily as of April 1, 1945, after 44 years of service.

L. A. Statisticians Elect New Officers

LOS ANGELES, CALIF. — Members of the Investment Statisticians Association of Los Angeles held their annual dinner meeting at the Los Angeles Athletic Club and elected the following new officers for the coming year:

President, Walter S. Weeks, Wagenseller & Durst, Inc.; Secretary, L. Hartley Smith, Dean Witter & Co.; Treasurer, K. Arnold Liljegren, Pacific Company of California.

Retiring officers who served during 1944 are: Roger Pile of Maxwell, Marshall & Co., President; Walter S. Weeks, of Wagenseller & Durst, Inc., Secretary, and Harvey C. Evans of Lester & Co., Treasurer.

In addition to the retiring President and the newly elected officers the Board of Governors for the coming year will consist of Walter N. Anderson, J. A. Hogle & Co.; Kenneth D. Sanson, Bateman, Eichler & Co.; and W. H. Van Benschoten, of Hill, Richards & Co.

On November 7, 1944, the voters of the State of Washington had an opportunity to decide a question (Referendum 25), the significance of which extends far beyond the borders of the State. The essence of this question was: Whether all private enterprise should be eliminated from the electric power industry in the State of Washington.

The following is a reproduction of our advertisement, referring to the defeat of Referendum 25, which appeared in newspapers in the State of Washington.

WE THANK YOU

WE, the folks who make up the Puget Sound Power & Light Company, thank you for your efforts and votes in defeating Referendum 25, even though this measure was far more than a power issue.

The defeat of Referendum 25 was a Victory of Free Enterprise *for all* over greater political power *for a few*—it was a Victory of Home Rule over Centralized Bureaucratic Control. It was a notice to the Nation that the State of Washington welcomes business and industry. It told the world, too, that in this State organized labor believes in and backs up Free Enterprise. Such teamwork is vital to post-war development.

The far-reaching results of the defeat of Referendum 25 will be beneficial to the whole State of Washington now and during the years ahead. *There can be no doubt about that!*

In the defeat of Referendum 25, we recognize a challenge to our Company . . . its 3,000 employees now on the job . . . its 500 employees in the armed forces . . . its 15,000 stockholder-owners. We recognize a challenge to our whole organization to furnish electricity at constantly decreasing rates and with constantly improved service. We see in the defeat of "25" a challenge to us to be even better citizens, doing even more to help make our State a finer and more prosperous place in which to live.

We of the Puget Sound Power & Light Company accept the challenge and will do our utmost to continue to deserve and hold your confidence and esteem.

Sincerely,

Frank McLaughlin
PRESIDENT

★ Our Pledge ★

WE WILL reduce rates as rapidly as possible, passing on to our customers any savings resulting from our purchase of Bonneville-Coulee power.

* * *

WE WILL furnish the best, most courteous service possible.

* * *

WE WILL encourage the widest use of electricity on farms, in homes, factories and businesses, so as to bring the *maximum* benefits of cheap electric power to *all*. 100% rural electrification is our postwar goal.

WE WILL continue being a good tax-paying citizen of this state, cooperating to the fullest extent with all other citizens in bringing new payrolls—creating more jobs—for our State.

* * *

WE WILL continue our national advertising program of telling the world that WASHINGTON, THE STATE, HAS EVERYTHING. We can now broadcast to the Nation that, by their vote, the people of Washington have said: *"Free Enterprise Is Welcome."*

PUGET SOUND POWER & LIGHT COMPANY

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

The insurance stock market, over reasonable periods of time, recognizes and rewards constructive management and sound growth. For example, if a fire insurance company during a period of, say, five years, maintains its regular rate of dividends and consistently covers them by a substantial margin of earnings which are reinvested in its business, the market will generally move up its stock to a far greater extent than it will the stock of another company whose dividends are covered by a relatively narrow margin or by no margin at all. This appears so obvious and elementary that one would think it unnecessary even to mention it, yet it is a point which seems to escape the notice of many otherwise discriminating investors.

A study of the record of a group of 35 representative fire insurance companies over the past five years illustrates the situation quite clearly. These companies during the years 1939 to 1943, inclusive, covered their dividends 1.61 times on the average, and the market appreciation of their stocks from the low of May, 1940, to the present, averaged 21.0%.

However, the 17 companies whose dividend coverage was above the average of 1.61 had an average market appreciation of 37.8%, while the 18 companies with a below average coverage of dividends had an average market appreciation of only 5.3%. The records of the individual companies are shown in the accompanying tables. The record of the "above average" companies is shown in Table I, and of the "below average" companies in Table II.

Bank and Insurance Stocks

Inquiries invited in all Unlisted Issues

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

TABLE I

	5 Year Totals per Share: 1939-1943			Market Apprec.
	Total Net Oper. Profits	Dividends	Times Earned	5-28-1940 (Low) to 11-14-1944
Hartford	$40.70	$12.50	3.26	47.7%
National Union	70.27	25.00	2.81	41.6
St. Paul F. & M.	123.49	46.00	2.68	77.3
Ins. Co. of N. A.	33.18	14.25	2.33	61.5
Security	15.25	7.00	2.18	11.1
Glens Falls	18.72	8.85	2.12	24.8
Prov. Washington	14.34	7.00	2.05	29.5
National Fire	20.36	10.00	2.04	27.7
Aetna	17.43	9.00	1.94	27.1
Fidelity Phenix	19.77	10.40	1.90	78.6
Boston Insurance	188.52	105.00	1.80	12.1
Great American	11.15	6.30	1.77	33.7
Fire Association	21.84	12.50	1.75	29.0
Continental Ins.	17.62	10.20	1.73	72.0
Springfield F. & M.	40.86	23.75	1.72	22.9
United States Fire	16.57	10.00	1.66	25.2
Phoenix	24.80	15.00	1.65	19.7
Average of 17			2.08	+37.8%

TABLE II

	5 Year Totals per Share: 1939-1943			Market Apprec.
	Total Net Oper. Profits	Dividends	Times Earned	5-28-1940 (Low) to 11-14-1944
Agricultural	$25.48	$16.25	1.57	14.5%
Pacific Fire	43.35	28.25	1.53	— 9.7
Baltimore Amer.	2.62	1.90	1.38	11.5
Bankers & Shippers	31.60	23.25	1.36	—11.4
Hanover	7.97	6.00	1.33	30.6
New Hampshire	11.69	9.00	1.30	4.5
Home Insurance	9.67	8.00	1.21	6.4
North River	5.99	5.00	1.20	8.3
American Alliance	7.24	6.30	1.15	26.0
National Liberty	2.29	2.00	1.15	7.1
New York Fire	4.54	4.10	1.11	— 5.5
Franklin	7.15	7.00	1.02	—10.4
Paul Revere	7.01	6.80	1.03	11.9
New Brunswick	9.11	8.90	1.02	2.6
Globe & Republic	2.50	2.55	.98	6.1
Knickerbocker	2.43	2.55	.95	9.4
Amer. Equitable	4.52	5.10	.89	2.2
Merchants & Mfrs.	1.81	2.05	.88	— 9.3
Average of 18			1.17	+ 5.3%

In examining these tables a few exceptions will be found. For example, Security Insurance Co. is in fourth place as regards dividend coverage, yet its market appreciation of 11.1% is considerably below average. This lag may be attributable to the fact that in 1943 its capital was increased from $2,000,000 to $2,500,000. The additional 500,000 shares were issued at $30 against a par value of $10, thus contributing $1,000,000 to surplus. Boston also shows a below average market appreciation despite a better than average dividend coverage. This stock, however, sells around $600 and is consequently somewhat more sluggish in action. On the other hand Hanover and American Alliance show better than average market appreciation despite below average dividend coverage. There appears to be no rational explanation for this divergence. However, with these four exceptions, the record is found to be reasonably consistent.

The four stocks which show outstanding appreciation over the period are Fidelity-Phenix, St. Paul Fire & Marine, Continental Insurance and Insurance Co. of North America. Their average appreciation is 72.4% and their average dividend coverage is also high, being 2.16. Hartford, although showing maximum dividend coverage, is fifth in market appreciation, with 47.7%.

It will be observed that five stocks show a market decline, viz.: Pacific Fire, Bankers & Shippers, New York Fire, Franklin and Merchants & Manufacturers. In the case of Pacific Fire, its stock was unusually high in 1940 in response to particularly good earnings in 1939 and 1940, since when earnings have declined quite substantially. The same may be said of Bankers & Shippers. Another interesting item is that the four companies at the foot of the list in Table II have actually paid out more in dividends than they have earned, and thus their market performance is consequently inferior.

While there is not perfect correlation between earnings and market action, there is a sufficient degree of correlation to make careful attention to the points brought out in this short study well worthwhile.

Will Women Retain Jobs in Industry?

(Continued from page 2707)

tion, that will constitute the employment problem.

Re-Employment of Veterans

The re-employment of discharged service men will present special problems. The Selective Service Act requires employers to provide positions of "like seniority, status and pay," and a War Labor Board decision allows the employer to make seniority cumulative during the employee's service in the armed forces.

In order to make places for returned veterans, numerous companies may be obliged to shift some of their present personnel by transfer, down-grading or retraining. In many concerns, whether unionized or not, seniority will be a factor in such shifts, but it will not be the sole guide in making the adjustment, for other factors to be considered are ability, performance, dependents and location of home. Many veterans, moreover, will undoubtedly return to industry with newly-acquired skills and will be more efficient and more contented in using them than in resuming their former activities.

55 Million Jobs

Post-war "full employment" has been placed at from 55 million to 60 million, the latter used by President Roosevelt in the recent campaign as a figure for jobs that can be filled. A conservative estimate for reasonably satisfactory post-war "full employment" no doubt would be 55 million, or 2 million more than those employed today.

Of the 12 millions in the armed services it may be assumed that 2 millions will remain, leaving 10 million demobilized veterans to be reabsorbed in industry. They will want jobs and they will be entitled to them. If these estimates are fairly correct, therefore, about 8 millions now working will have to be displaced.

How Many Women Workers?

No doubt it can be assumed that about 2 million elderly workers and high school students now temporarily engaged in war plants will cease to work, and that about another 2 million will revert to the chronically unemployed ranks. This would leave something like 4 million women apparently destined for voluntary or involuntary retirement, and here is the crux of the problem.

Before the war there were 12 million women working or looking for jobs. Their numbers have been expanded by 6 millions to the present total of 18 millions now employed. Assuming that at least 2 million, their patriotic service over, will happily and uncomplainingly retire, to what extent will the other 4 million want and/or be able to compete with men for jobs?

Sharply divergent views are held on the subject of the extent to which women will continue to work when the war ends. A poll taken recently at one of the leading aircraft manufacturing plants where 9,000 women are employed revealed that only 1,500 desire to remain at work indefinitely. Women are said to be quitting their war plant jobs in large numbers already. On the other hand, a speaker at a National Association of Manufacturers' meeting declared that two-thirds of women war workers will try to remain in industry.

Favorable and Unfavorable Factors

Factors favoring those women who want to remain are: Many have done outstanding jobs and employers want to keep them; experience in war jobs has given women new independence; their high salary scale creates buying power and helps fight depressions.

Unfavorable factors: As newcomers, they have short seniority and will be the first to be laid off; returning service men entitled to jobs under Selective Service rules will crowd them out; if jobs become scarce, public opinion may favor men with families to support.

Some figures show that women are being laid off wherever possible as cut-backs are made in war production. According to recent surveys, in the truck and agricultural implement industry women accounted for only 13.1% of total employment, but for 51.6% of total lay-offs. In ordnance women accounted for 25.6% of total employment and for 61% of total lay-offs. In aircraft parts women numbered 42.2% of total workers, but in total lay-offs they were 60.2%. These lay-offs are considerably above the number of women who would be laid off legitimately on the basis of seniority.

Equal Pay for Equal Work

Developments during the war have resulted in women becoming more entrenched in industry and under better conditions than ever before. Prior to the war they earned on an average from 50% to 60% less wages than men. At the beginning of the war the National War Labor Board accepted the principle of equal pay for equal work. As a result, in a large number of cases women industrial workers, thanks to the WLB ruling, have succeeded in obtaining equal pay for doing work identical with that done by many men in the plants in which they are employed. In some cases, however, the Board ruled that, no matter how efficient women may be, they may be paid less for the same work if the men are doing their work in another shop.

Nevertheless, women have scored great advances during the war. The top leaders of all the unions have passed resolutions and tried to make the union locals abolish all separate wage classifications in union contracts. Where pressure has been sufficient, management has responded. It was the United Electrical Workers and the United Automobile Workers, two CIO unions, which were leading factors in obtaining the WLB ruling that made equal pay for equal work a principle and in many places a reality. Government has also responded to pressure, some States passing equal pay laws, and the Women's Bureau of the United States Department of Labor exposing inequalities and recommending their elimination.

Easing Competition for Jobs

Miss Frieda Miller, lately appointed director of the Women's Bureau, declared in a recent interview that if the nation wants to have a stabilized labor situation, women must have better wages.

Competition for post-war jobs in other industries, she continued, would be eased by revision of wage scales and working conditions in those service industries in which women workers have traditionally outnumbered men. She predicted that the setting of minimum wage and hour standards and the extension of social security coverage and workmen's compensation benefits to the service industries would draw many women workers who might otherwise spurn these jobs.

"Household workers and most of the service workers in hotels, restaurants and other service establishments are badly underpaid today," she said. "There are terrific differentials existing between wages and working conditions for service workers and for women in industry and business. These must be eliminated."

There is strong advocacy for raising minimum wages from 40¢ to 65¢ per hour, and the Administration is reported to have definite plans for broadening social security somewhat along the lines of the Beveridge Plan and the recent Government White Paper in Britain.

It is estimated that there would be 14 million women gainfully employed today, war or no war, according to the steady progression of women into paid jobs since 1870. The Census Bureau, moreover, estimates that by 1950 there will be probably 17 million women in the labor market. It is not clear how many women will want to be permanent members of the labor force after the war and even less clear is the number for whom jobs will be available. More will be known on the subject after all the returning service men have been re-employed.

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Principles of Treasury Borrowing

(Continued from first page)

ing power of the country must be immobilized or transferred from the hands of individuals, where it could be used only to bid up prices, to the hands of the Government, where it would be used to purchase the means to victory. We knew, too, that on the success with which this task was accomplished would depend the kind of economy our boys would reenter when they returned from overseas — whether it would be an economy wrecked by inflation, or a vigorous economy in which they could take their places with confidence.

"Two buttresses have been used to support the structure of economic stability during the war. One is the buttress of direct controls, including rationing, price controls, and priorities. The other is that of a fiscal policy which siphoned off the excess buying power by taxing and borrowing from the general public. The maintenance of the borrowing part of this buttress was, to a great extent, the responsibility of the Treasury.

"There are, of course, economic limits to the proportion of the total war cost which can be met from current taxation. Our total tax receipts have increased eightfold in the past four years, but there still has remained a large Federal deficit. In order to finance this deficit, it has been necessary to increase the public debt by about $150,000,000,000 since Pearl Harbor.

"In its borrowing operations, the Treasury has been largely guided by four underlying principles: (1) that the necessary funds should be raised in such a manner as to minimize the danger of inflation; (2) that small investors who purchased war bonds should be protected from market risks; (3) that the liquidity of the nation's financial institutions should be maintained and increased, so as to place them in a strong position to confront the problems of the post-war period, and (4) that the interest rates on the war debt should be kept at a reasonable level.

"To minimize the danger of inflation, bond sales programs were directed particularly toward individuals. The securities offered were designed to meet the needs of such investors. Periodic bond drives have been organized, with goals announced for each class of investor, and with specified restrictions on participation by banks. The payroll savings plan for the continuous purchase of Series E bonds has been promoted. Bonds sold in this manner absorbed consumer purchasing power directly at its source and consequently had a maximum impact upon consumer spending.

"The second objective involved the protection of the interests of the small investor. The Treasury has considered itself the trustee for the inexperienced investor who purchases Government securities primarily to help his country in time of stress and places his faith in his Government that the securities he purchases are sound investments and designed with a view to his own requirements.

"Series E bonds were designed especially to meet this responsibility. They are non-negotiable and redeemable on demand, thus guaranteeing their holders against fluctuations in market value in case the proceeds are needed prior to maturity of the bonds. The yield to maturity of E bonds is 2.9% — the highest obtainable on any United States Government security. An annual limit is placed upon purchases by any one individual. These bonds have already been purchased by some 85,000,000 separate investors. The $23,000,000,000 of their holdings to date constitute a profitable and highly liquid investment. For the post-war period, these holdings will provide a valuable backlog of consumer purchasing power.

"Securities were designed likewise to contribute to liquidity elsewhere in the economic structure, in accordance with our third objective. United States securities made available to banks have been concentrated in maturities of ten years or less. As a result, the banking system is in a more liquid condition than ever before. Business concerns likewise have been afforded the opportunity to purchase securities of short maturities. The funds so invested will thus be freely available to these concerns in the immediate post-war period.

"The fourth important element in our fiscal program has been the maintenance of consistently low interest rates. The average rate on Government borrowing since Pearl Harbor has been 1¾%, as contrasted with an average of 4¼% during World War I. On the debt increase of $150,000,000,000 since Pearl Harbor, the difference in interest rates amounts to almost $4,000,000,000 annually. This is a benefit not only to the Treasury, which must pay the bill in the first instance, but also to the whole body of taxpayers. Continuance of low interest rates in the post-war period —and I see no reason why they should not continue for the foreseeable future — will maintain this saving to the Treasury, and will also be an important factor in speeding the reconversion of our industries to peacetime production.

"The four principles followed in Treasury borrowing have, I believe, served well in helping to maintain economic stability behind the fighting fronts. This has not been the only purpose, however. Our borrowing plans have been shaped by the twofold consideration both of how they would help the war immediately and of how they would help in meeting post-war problems. Thus, low interest rates, liquidity of financial institutions, and a large backlog of purchasing power in the hands of consumers, will facilitate the shift of the economy back to a peacetime basis and will contribute to a continuance of full employment."

DOLLARS BEHIND
THE
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The basis on which the whole structure of a flourishing business rests is often the brain power, influence, and personality of one man. In case of his death, readjustment would be a long and costly process. Life insurance for the benefit of the business secures continuity and safety, protecting credit at a critical time and bridging the gap until a successor competent to take his place is found.

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Post-War Jobs, Taxes and Debt

(Continued from first page)

ously. One is that the unsatisfied needs of American consumers and of American business are piling up to all-time highs. The second is that purchasing power has also reached new highs. Let us first consider needs. Take automobiles for example. At the time of Pearl Harbor, with six million people out of work, Americans were driving 28 million automobiles. Today the number is down to 23 million, and cars are leaving the road at the rate of 5,000 a day.

When the war ends—say early in 1946—we shall have seven million fewer automobiles than we had at the time of Pearl Harbor.

Over 600 articles of iron and steel have not been made for civilian use since early in 1942. Most household electrical goods, for example, have not been made for civilian use since April, 1942. The accumulated need for these goods may conservatively be put at twice the number of units sold in 1940. This means an accumulated need for

3½ million vacuum cleaners
over 7 million electric clocks
23 million radio receivers
over 5 million refrigerators
over 10 million electric irons
over 3 million washing machines
over 1½ million waffle irons

The war has stimulated marriages with the result that a million more couples than normal have been married during the last four years. A high proportion of the 6,600,000 couples married during the last four years have purchased little household equipment. The accumulated need for household goods after the war will reach new highs.

During the last four years the construction of permanent dwelling units has fallen behind the increase in families. In fact, families have increased by 750,000 more than permanent dwelling units. When the servicemen come home the country will experience one of the most acute housing shortages in its history.

Great and pressing needs for goods become demand only when backed by purchasing power. And I have said that purchasing power has been reaching new highs. During the last four years individuals have saved a hundred billion dollars, as much as they would have saved in 14 years at the 1940 rate. They've increased their cash, bank deposits, government securities, and other liquid assets far more during the last three years than during the entire previous 150 years of the republic.

Business enterprises also have greatly increased their purchasing power. Despite the great rise in the tax liabilities of corporations their net working capital has increased by over 60% since 1939. By the end of the war it will probably be double 1939.

But will individuals and business concerns be willing to spend their enormous purchasing power? That is the crucial question. Many people believe that the swift drop in government spending will leave consumers too frightened and too dazed to spend their money. This is a possibility but I believe it is a remote one. If it were to happen, men would be behaving in a new way.

There have been revolts of consumers against rises in prices, and there have been sudden refusals to spend after spending has been going on furiously for several years and after consumers have piled up huge debts. Never, however, have people whose consumption has been severely restricted for several years and who in the meantime have accumulated unprecedented amounts of purchasing power, refused to use their money to satisfy their needs when goods became available. When goods are obtainable money will be spent faster than it is being spent today. That is why it is important when fighting ceases that conversion to civilian production be made quickly.

Let us suppose that 57 million people are working after the war and that their working week is 40 hours. At present efficiency they would produce about 156 billion dollars of goods a year. National, State and local governments would take about 31 billion dollars of this product, leaving 125 billion dollars of product available for private consumption.

Will this be enough to meet the demand of individual and business concerns? The incomes of 57 million persons at present prices and wages would be about 130 billion dollars a year. After paying personal taxes people would have 118 billion dollars left to spend on goods or to save. How much would they spend? Let us begin by asking about non-durable goods.

If gasoline, beefsteaks, butter, silk, fuel oil, and scores of other things had been available in 1943, if people had had time to take vacations, if ten million service men had been civilians buying their own food and clothing, wouldn't the market for civilian goods have been at least 10% higher than it was?

When this rate of spending is adjusted to an income of one hundred and eighteen billion dollars after taxes, a postwar demand for non-durable goods of ninety billion dollars a year is indicated. On durable consumer goods, people spend about 10% of their incomes after taxes. This would indicate a demand of nearly 12 billion dollars a year. In addition a count must be taken of the deferred demand for durable goods, which I have estimated at double the quantity sold in 1940. If this deferred demand is spread over four years, it will average about 4½ billion dollars a year Despite the housing shortage, many people will probably await clarification of economic conditions before starting to build. Consequently, residential building soon after the war may be no greater in physical volume than in 1939, or about 2½ billion dollars a year at present prices.

What quantities of goods will **business** demand? Replies from over 150 concerns indicate that expenditures on replacing equipment will run one and one-half times depreciation allowances, or about ten billion dollars a year. Plant construction may for awhile be no higher than in 1939, or about four billion dollars a year at present prices. Restoration of inventories will take about three billion dollars a year for three years. Our surplus of exports over imports will scarcely be less than three billion dollars a year. All of this adds up to a total demand for goods by government, consumers, and industry of about 160 billion dollars a year, or 4 billion dollars more than the output of 57 million people at present efficiency. Evidently, post-war demand for goods is likely to test the capacity of American industry, but business enterprises, by improving efficiency, should be able to meet the demand.

II

What will happen **after** most of the deferred demand for automobiles, other durable consumer goods, and industrial equipment has been met? At that time the maintenance of high employment will require stimulation of demand by the introduction of improved products and by a great rise in industrial construction and in residential building. Fortunately, greatly improved products are on the way and should be on sale within three years after fighting ceases. Fortunately, also, certain important favorable conditions exist for a large volume of residential and commercial construction. An investment of about two dollars in factories, mines, railroads, public utilities, stores and office buildings is required for every dollar of consumer goods consumed each year. The great rise in consumer outlay which is in prospect after the war will mean that the country will need to make enormous increases in its industrial plant and equipment. Expenditures on new investment however, are very sensitive to the nature of taxes. Whether the great potentialities of the economy are realized after replacement demand has been met will depend in large part upon progress made in reforming taxes. The normal post-war budget of the Federal Government will probably be in the neighborhood of $20 billion a year—over three times as much as the Government raised in taxes in 1939. About 15 cents out of every dollar of income received by individuals will go to the Federal Government in taxes. Many people doubt whether the Federal Government will be able to raise this huge amount without limiting the demand for labor and thus keeping down wages and employment.

The economic problem of raising large revenues for the Government without preventing a high level of employment is easily solved. There are three principal ways of making a living. The most common way is to work for others—becoming a wage earner or a salaried worker. Three out of four workers in the United States make their living in this way, and wages and salaries are by far the biggest form of income—twice as large as all other forms of income combined. A second way of making a living is by lending one's savings at interest. Interest payments are only one-twentieth as large as payrolls, but more than 20 million people obtain some income in the form of interest. A third way of making a living is by becoming the owner or part owner of a business. Business concerns hire labor and capital at specified prices. If the enterprise is able to sell the output of hired labor and capital for more than cost, there is a profit for the owners. Business profits (except monopoly profits) have the special significance that they are obtained by putting men and capital to work. Whenever the outlook for profits improves, the demand for labor rises and employment, payrolls, and later, wage rates increase; when the outlook for profits becomes darker, employment and payrolls shrink. Consequently the outlook for business profits determines the number of jobs and the level of wages.

In order to meet the needs of the Government for large revenues without limiting employment all that is necessary is that the tax system give strong encouragement for:

1. More people to make all or part of their living by giving jobs to others or by putting loan capital to work;
2. More persons to start new enterprises;
3. More persons and enterprises to experiment, make innovations, and engage in risky ventures.

A tax system which accomplishes these three results is easily constructed. More people would be encouraged to become employers of men and capital if income derived from dividends or self-employment were taxed at substantially lower rates than income derived from salaries or interest. In order to make the arrangement politically palatable, the differential tax rates might apply only to incomes over $10,000. People could be given additional incentives to become employers of men and capital through receiving exemption from part of the standard surtax on the proportion of their incomes invested in new plant and equipment or invested in new equity issues for financing plant and equipment. People could be urged to start new enterprises and both individuals and enterprises could be encouraged to engage in risky ventures by more liberal treatment of business losses. For example, individuals might be permitted to offset losses against general income provided their tax liability is not reduced by more than half. Business enterprises might be encouraged to carry losses forward or backward up to four years. The larger the proportion of income that the Government takes when a venture is successful, the more important it is that the Government permit losses to be offset against general income. More liberal treatment of business losses would be particularly useful to new enterprises which frequently operate at a loss for several years. Consequently, it would tend to raise the business birth rate.

The amount of enterprise which the community could bring into existence by taxing income derived from giving jobs at less than income derived from holding jobs, or income derived from putting capital to work at less than income derived from interest is almost unlimited. But is not this discussion of reforming the tax system to increase the number of jobs in the community simply idle day dreaming? Most people think about taxes in terms of how much each one pays in relation to what some one else pays rather than in terms of how taxes affect the demand for labor, the size of payrolls, the volume of production, or the standard of living in the community as a whole. Are not people bound to continue to think about taxes in these traditional ways? Many a nation has remained poor rather than adopt a tax system which would foster more production. Is there any reason to expect twentieth century America suddenly to acquire a capacity to think about taxes in rational terms?

Undoubtedly sudden changes in attitudes toward taxes are not to be expected. Nevertheless it will not be easy for people to close their eyes to the general economic effect of taxes or to overlook important common interests which they have concerning taxes. Consider, for example, the simple question of the relation of taxes to payrolls. All of the principal groups in the community — farmers, wage earners, and business men — have an interest in the tax system which will produce the largest possible payroll. Sooner or later these groups are bound to discover this common interest. When they discover it, will they be willing to do anything about it? Possibly they will not, but it is difficult to believe that farmers, wage earners, and business men will indefinitely remain ignorant of the simple fact that they all would gain from a tax system which made possible a large increase in payrolls. I look forward to the time when sub-committees of the Executive Boards of the AFL and CIO, the United States Chamber of Commerce, the National Association of Manufacturers, and other labor and business organizations will meet regularly for the purpose of promoting their common interest in a high level of employment and the largest possible payrolls. If that sort of thinking begins to happen, drastic reforms in the tax system are inevitable.

III

At the end of the war the public debt of the Federal Government will be about $300 billion. It will be almost twice the present national annual income. If the burden were spread evenly, inter-

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est alone would take at least $80 of every worker's income per year.

Some people believe that the size of the debt does not matter because we owe it to ourselves. They reason that if A is taxed $100 to pay B, A has $100 less to spend and B $100 more, but both together have the same amount. They, therefore, hold that the demand for goods and the volume of employment remain unchanged. Other people believe that the huge debt is bound to be a crushing burden which will limit employment and lower the nation's standard of living.

It is not accurate to say that the debt does not matter because we owe it to ourselves. All of us owe it to the bondholders. Some of us are taxed in order to pay interest on the debt to others. The heavier the taxes which the country must impose, the more important it becomes that the country avoid taxes which limit the volume of enterprise.

Whether the debt becomes a crushing burden or whether it actually helps in some ways to raise the standard of living depends upon how the money is raised to pay the interest, who holds the debt, and how the debt is managed. Records show that other nations have more than once successfully managed even greater debt burdens than will confront the United States after the present war. The interest on the British debt after the Napoleonic wars was nearly 8% of the national income, and after the first World War was over 7%. The interest charges on the Federal debt after this war will be about 4% of the national income.

If the expenses of the government, including interest on the debt, are met largely by heavy taxes upon business profits—i.e., by taxes upon job-giving—then they will reduce employment output, and our standard of living, regardless of who holds the debt.

If the debt is widely distributed among millions of small holders, if the expenses of the Government are met largely by taxes on individuals, if substantial exemptions from surtaxes are given for all income invested in new plants or equipment; and if there are liberal offsets for losses, then the debt will help increase employment and raise the standard of living. The millions of small holders will gain a sense of security from their accumulated savings and hence be encouraged to spend a larger portion of their current incomes. The stiff surtaxes will reduce the savings of the well-to-do; liberal exemptions for income put into new plant and equipment, and generous treatment of losses, will cause the well-to-do to invest their savings in job-giving enterprise rather than to hold them in idle cash.

Today, non-banking corporations own nearly half of the Federal debt, commercial banks about one-fourth, and individuals less than one-fourth. Not more, and probably less, than one-tenth of the debt is held by persons earning less than $5,000 — although these persons receive three-fourths of all income.

It is plain that steps need to be taken to get much more of the debt into the hands of individuals, particularly of those in the small income group. During the last three years individuals have saved almost as much in the form of cash and bank deposits as in the form of Government bonds. During the remaining period of the war, when the supplies of civilian goods are severely restricted, the Treasury will have its best opportunity to persuade individuals to buy more bonds. This opportunity should not be lost. An increase of at least $25 billion in sales to individuals should be the goal for the next 12 months. Every citizen should be made to understand that by buying war bonds now he is not only helping to win the war, he is helping to make possible a more prosperous and stable America after the war.

Management of the public debt in the years immediately after the war will greatly affect the movement of prices and will offer the Government a powerful instrument of price control. Corporations, which at the end of 1944 had well over $20 billion of Government securities, will be letting these securities run out at the rate of $4 billion or $5 billion a year. Some redemption of war savings bonds by individuals will occur, particularly if home buying is occurring on a large scale. The Government will have the option of refinancing the public debt through sales to the commercial banks or through sales to individuals. If prices in general are weak and the demand for goods is insufficient to provide reasonably full employment, refinancing the debt through the commercial banks is indicated. If demand tends to outrun the productive capacity of industry, refinancing through sales to individuals will help limit excessive demand for goods. Sales to individuals, of course, will not be easy at a time when everyone is eagerly buying more goods. Special Government issues bearing attractive rates of return and an efficient selling organization will be necessary to achieve large bond sales to individuals in times of boom.

Should the debt be repaid? Some people fear that any reduction of the debt would have a deflationary effect and cause unemployment. Other people believe that there is a moral duty to repay the debt. Both of these views are extreme. There is a moral duty to pay the interest on the debt, but not to repay the principal except through refinancing operations. Would repayment of part of the debt inevitably cause unemployment? It would cause unemployment in times of depression. Every period of high prosperity, however, will give the Government an opportunity to pay off part of the debt without limiting employment. If the Government budget runs a surplus during periods of high prosperity, and if this surplus is used to retire some of the bonds sold by corporations or redeemed by individuals, the country will be protected against a disorderly and speculative rise in prices. Thus, reduction of the debt can be made a device for stabilizing our economy.

Many people have difficulty in visualizing the day when there will be a substantial reduction in the burden of the national debt. And yet, if the country pursues wise economic policies, there is no reason why the debt burden should not be cut in half during the next generation.

The days of technological progress are not over. They are in fact only well begun. In the decade of the Twenties, the per capita national product increased over 30%. Let us assume that it increases in the future at only half this rate—15% per capita every ten years. In every decade of our history, except the Thirties, we have done better than that. This rate of progress would mean that the gross national product, at 1944 prices, would rise from $156 billion shortly after the war to $187 billion by 1950, to $229 billion by 1960, and to $275 billion by 1970. At this rate the burden of the debt would be reduced nearly half by 1970, even if not a cent of the debt were repaid.

Let us keep clearly before us these great potentialities of our economy. Awareness of them will help us keep our sights high; it will stimulate our confidence in our power to achieve; it will help us retain and develop the spirit of pioneering and innovation. If progress at this modest rate is not achieved, the American people should insist upon knowing what is holding back production.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BATTLE CREEK, MICH.—**John E. Wilde** has joined the staff of **S. C. Coleman,** Security Bank Arcade.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Edwin C. Parker** has rejoined **Glore, Forgan & Co.,** 135 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Robert W. Miller**, formerly with the George S. May Co., is now with **Hallgarten & Co.,** 231 South La Salle St.

(Special to The Financial Chronicle)

CLEVELAND, O. — **Frank H. Miller, Jr.,** has become associated with **Dodge Securities Corporation**, Terminal Tower. Mr. Miller, in the past was with Johnson-Kase Co., and prior thereto for many years with the Cleveland Trust Co.

(Special to The Financial Chronicle)

COLUMBUS, O. — **Edwin C. Townsend** has been added to the staff of **Lowry Sweney, Inc.,** Huntington Bank Building.

(Special to The Financial Chronicle)

DAYTON, O.—**Herbert V. Klepinger** is with **J. R. Woodhull & Co.,** Third National Building.

(Special to The Financial Chronicle)

NEW ORLEANS, LA. — **W. C. Hildebrand** has become affiliated with **White, Hattier & Sanford,** Whitney Building. Mr. Hildebrand was for many years associated with Jac. P. Ducournau, who is now a partner in White, Hattier & Sanford.

(Special to The Financial Chronicle)

PEORIA, ILL.—**Eugene Osborn** has joined the staff of **Sills, Minton & Co., Inc.,** 209 South La Salle St., Chicago.

(Special to The Financial Chronicle)

ROCK ISLAND, ILL.—**Lex Petrie** is with **Standard Bond & Share Co.,** Rock Island Bank Building.

M. A. Charavay Dead

Marius A. Charavay, member of the New York Stock Exchange, and senior partner in Stevens & Legg, stock brokers, of 11 Wall Street, New York City, died at Hackensack Hospital at the age of 59.

Mr. Charavay became associated with the late Samuel B. Legg, stock broker, in 1919, became a member of the New York Stock Exchange in 1925, and was admitted to partnership in the brokerage house of Stevens & Legg when it was formed two years later.

This is under no circumstances to be construed as an offering of any of this Common Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy any of such Common Stock. The offering is made only by means of the Offering Circular.

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December 18, 1944.

Prospects For a Post-War Agricultural Collapse

(Continued from page 2707)

necessary to undertake farm relief? Measures to stave off disastrously low farm prices—production control, price supports and subsidies?

It will not be possible to cover all of the many important facets of the farm problem now in prospect once the war ends. I am restricting this paper to an attempt to state for you the main characteristics of that post-war problem and the underlying forces creating it. Thus, except for an occasionaal aside, I will not take up the basic elements of an agricultural policy in a developing economy.

How the Mobilization for World War II Has Affected American Agriculture

Let me touch briefly on what has happened in production since 1939. In the aggregate it has been expanded by one-fourth, for food by nearly one-third. During the first war our efforts were focused on the "battle for wheat." This time it has been on oil crops, livestock, and to a much less extent, on wheat. In crops the Big Three in our agriculture are corn, wheat, and cotton. Corn has expanded from 38 to 98 million acres, with a record crop of 3.2 billion bushels this year; wheat, from 50 to 61 million acres, all of the increase coming in 1944, and the unprecedented crop of 1.1 billion bushels; meanwhile, cotton has declined from 24 to 20 million acres. Soy beans have been doubled. Flaxseed and peanuts have also been increased markedly. The expansions in livestock products have been much larger than those in the main crops. This was possible in part because of our large corry-overs of corn and wheat when the war started. Our production of meat this year is 50% greater than it was before the war (1935-39 average). Eggs and chickens have also been increased by one-half. Lard is up about 85%. One of the few things that is down is butter because more milk is being used for human consumption. There also have been important shifts as among crops as a result of these major changes. We shall not, however, discuss these here.

World War II has emptied our granaries, which were literally full to overflowing with feed and food when the war started. The corn carryover has dropped from 600 to less than 200 million bushels. In wheat we are again on the way to accumulating stocks. But even the war has not liquidated our excessive stocks of cotton. We still have a carryover upwards of 11 million bales.

The high prices and large farm incomes of the last several years have induced another land boom. Land prices have risen fully 40%. As yet this increase does not represent an overvaluation as extreme as that which occurred at the close of World War I.

One of the more significant developments is the decline that has occurred in the farm population, which has dropped from about 30 to 25 million people as a consequence of the mobilization for war. This transfer of people has increased greatly the relative scarcity of the labor supply in agriculture; and it is, by all odds, the most important wartime development affecting agriculture. There was no such shift in population during World War I. Its importance arises from the fact that agriculture was burdened with a very considerable excess supply of labor during the inter-war years, especially during the 'thirties.

Still another important development of the last few years is the marked improvement that has occurred in the capital position of farm people. They are, for the first time in three decades, in an A-1 capital position. Since 1940, deposits and currency owned by farmers have risen from 4 to almost 10 billion dollars. In addition farmers have reduced their farm mortgage debt by about 1 billion dollars, and at the same time have purchased about 2 billion dollars of U. S. war bonds. Here we have a gain of about 9 billion dollars in intangible assets, a gain of nearly twice the annual pre-war net income of agriculture. When we add all of the items in the farmer's financial balance sheet, including real estate, other physical goods, and intangibles, we find that it has risen from 54 to 83 billion dollars since 1940. This means in substance that the equity of the owners of farm land and the farm tenants has increased by 30 billion dollars.

Let me pass other war-time developments—those in soil conservation, in which we have lost some ground; in farm machinery and equipment, which have been depleted considerably; in food consumption, where our diets have been better than they have ever been before; and, in government programs, where we have shifted from production control to a system of price supports and price ceilings—and turn to a consideration of what appears to lie ahead.

The Agricultural Outlook After the War

The post-war outlook has a pessimistic undertone. The gist of it is something as follows:

1. Agriculture will stay in full production after the war regardless of the performance of business or the level of foreign trade. Agriculture can be induced to expand its production as we have done both during World War I and World War II, but it is essentially a one way affair for we have found that it is not only costly and difficult but virtually impossible to bring about a contraction after the war is over. The aggregate output of farm products in the United States is not likely to be reduced appreciably after this war except as unfavorable weather happens to reduce yields. The import of this is obvious. We are going to have a much larger volume of farm products than we had before the war. Taking agricultural output as a whole it means one-fourth more than we had in 1939.

2. The demand for farm products is likely to drop sharply as soon as the relief period is over and our granaries have been refilled. My guess is that we shall find our granaries bulging within a year or two after the war. Even if we attain and maintain full employment and relatively free and open trade with other countries, the demand for farm products will drop far below the levels of 1944. The main contraction will come as a consequence of our Allies returning to their more normal sources, thus shipments of food from the United States will drop.

3. Chronic agricultural surpluses are likely to put in their appearance within two to five years after the war—in fats and oils, wheat, cotton, rice, coffee and sugar. All of these are commodities entering world markets. Sugar, and perhaps even fats and oils may become much scarcer before they are abundant again. Cotton, however, is already decidedly surplus. Wheat surpluses, too, may be just around the corner.

4. Despite the commitments authorized by Congress to support farm prices for two years after the war, farm prices are likely to drop sharply in dollars and cents and decline markedly relative to other prices as we make the transition to a peacetime economy. Prices received by farmers have doubled since 1939. They have increased substantially more than have non-agricultural commodity prices. Under existing legislation the government is not prepared to make its program of support prices effective. There are, therefore, no convincing reasons for believing that farm prices will settle or may be maintained at a level higher relative to other prices than they were prewar. Even at that level the enlarged agricultural production may not clear the markets.

5. The terms of exchange available to farm people (the relationship of prices received and prices paid by farmers) are likely to drop from one-fourth to one-third from the levels of 1944. To translate this into parity it means a drop from a parity of 116 to a parity somewhere between 80 and 90.

6. The proportion of the working population engaged in farming is likely to be smaller after the war than it was in 1939. It has dropped from 20 to 15% as a consequence of the mobilization for war. Herein lies a real gain for agriculture, for it means that the relative earnings per worker engaged in farming will be better than they would be under the prewar distribution of the nation's labor force.

The post-war agricultural outlook, accordingly, adds up to this: Soon after the defeat of Germany farm prices will recede from the price ceilings that have held them in check and in their fall many of them are likely to break through the price floors that have been established by the government. Although the drop will not be as precipitous or as great as that which occurred following World War I, it will be sufficient to cause a widespread, serious, depression in agriculture. On two counts, however, American farmers may well be in a better position to withstand low prices and low incomes for a time. Certainly better than they were in 1921. In the first place, the farm population is down one-sixth; the number of farms perhaps one-tenth, and the efficiency per worker is up sharply—but with this proviso, that the war workers who left the farm during the war do not return and further that we do not embark on a program of settling large numbers of returning soldiers on farms. In the second place, farmers are in a stronger financial position—but, here, too, provided this gain is not dissipated in a further bidding up of land values.

My answer, therefore, to the main question put to me today is: We are not likely to experience an agricultural collapse in the manner of 1920-21, but we will probably suffer a serious agricultural depression within two years after the defeat of Germany.

The Post-War Agricultural Depression

The next question, therefore, might well be: How long is this post-war agricultural depression likely to last? I shall devote the remainder of this paper to an exploration of the problem presented by this question. In doing so, however, it is necessary to leave aside further consideration of the effects of war on agriculture and also not treat the effects of business fluctuations on agriculture in order to portray to you clearly the basic forces that are reshaping the supply and demand of farm products. From what we have already said it should be evident that war has caused farm prices and income to rise and fall sharply, and production to increase substantially but not decrease when the war ends. In peacetime, however, business fluctuations are the main cause for the instability of farm income. Agricultural production is, except during war, remarkably steady from year to year regardless of the performance of business, whether it booms or is depressed. But farm prices reflect quickly changes in business conditions, and as a consequence farm incomes have become exceedingly vulnerable to business fluctuations.

Without further comment then with regard to the effects of war and of business fluctuations on agriculture, let us inquire into the position of agriculture, as a supplier of farm products, both for food and industrial uses in a developing economy.

The most significant fact that emerges from the analysis which I am about to present is the unequal growth which has come to characterize the demand for and supply of farm products. The prospect is that for the first decade or two after the war the supply of farm products will be in the vanguard. It will increase more rapidly than the demand.

We can pay our respects to history here, and it will give us perspective on this development. At the time Malthus was writing there was fear that the demand for food would increase more rapidly than its supply. You recall the Malthusian thesis with its emphasis on overpopulation, shortage of land, diminishing returns in agriculture, and the specter of not enough food. Even today there are many populations whose pressure on the food supply is such as to make it one of the main causes of poverty. This certainly is the case in India and China. Western countries, however, are no longer in fear of overpopulation. Instead there is a rising concern about depopulation. Nor is there an apprehension of a shortage of farm land to produce food as we look to the first few decades. As far as western countries are concerned, including all of North America, what we foresee is not a food problem in the Malthusian sense, but a farm problem of the type that was developing during the inter-war years. Instead of hungry mouths begging for food, agricultural surpluses will go begging for markets.

The two primary forces that are responsible for this fundamental change are: (1) the decline in the rate of growth of the populations within the orbit of the market serving American agriculture, along with the low income elasticity of food as people become richer, and (2) the technical revolution in progress in agriculture. Although it is the task of the economic system to reconcile these two sets of forces, one reshaping the demand and the other reshaping the supply, it must be said that it has not been doing an adequate job.

Causes of the Slow Growth of the Demand

The nightmare of overpopulation that oppressed the older economists, Malthus and his contemporaries back 150 years ago, no longer troubles our minds. Even as recently as 1870-1880 our population increased 26% during the decade, while during the decade preceding 1940 it increased only 7.5%; and Europe, once a considerable market for American farm products, is confronted with a similar population change. The projected increase for the decade 1950-1960 for all of Europe, exclusive of Russia, is only 1.5%, and in western and northern Europe the population is likely to decline.

The second important variable in the demand for farm products is the level of income. In the years between the two wars income per head in the United States fluctuated widely, but there was no appreciable gain. The war has given us a marked increase. Conservative estimates of Simon Kuznets put the rise in income from 1939 to 1944 at about 40% per capita. This increase of income has enlarged the demand for farm products, especially of foodstuffs as we well know, during the war. But the question is, how much does it increase the demand? The answer depends upon what the economist calls the income elasticity of a product—in this case of farm products, which is simply a measure of how people spend their income as they become richer. You may recall Engel's Law to the effect that people spend proportionately less of their income on necessaries as they become richer. Our researches indicate that the income elasticity of farm products is low, in fact much lower than is usually supposed. It appears to fall at about .25, which simply means that with a 40% rise in income per head the demand for food would increase 10%, relative prices and other factors remaining constant.

Let us now apply these quantitative changes in population and income as they affect the demand for food. Let us suppose, then, that we come to the end of the war with an increase in our population of 5%, with a rise in our income on a per capita basis in real terms of 40%, and with an income elasticity of farm products of .25. This would increase the aggregate demand for farm products 15%. Meanwhile the supply

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REPUBLIC OF COLOMBIA
By Gabriel Turbay
Ambassador Extraordinary and Plenipotentiary of the Republic of Colombia to the United States of America.

December 21, 1944.

of farm products has expanded 25%. Here we have a measure of the gap between the two induced by the war itself. If our exports were to become much larger than they were before the war, the gap would be reduced, but the prospects for this happening are very doubtful indeed.

We are forced to conclude, therefore, that the growth in population and the very high incomes attained during the war, if maintained, will in themselves not create enough additional demand to absorb even at prewar prices the additional supplies of farm products now being produced. Certainly there is no possibility that the highly favorable farm prices relative to other prices that prevail currently can be supported once food exports decline.

Let us look just a moment at the first decade after the war in this context. The population in the United States may grow as little as 5%. Under very favorable circumstances we may realize a growth in our income of as much as 20% per head. These two developments, should they occur, would create an additional demand for farm products of about 9%. With farm prices as low as 90% of parity, agricultural production is likely to increase upwards of 15% during the decade, which certainly is much more than the demand will absorb without marked changes in relative prices. The forces pushing the supply up are several, but primary among them is the rapid advance in farm technology. To a very considerable extent this force and several of the others affecting the supply is independent of price changes, that is, their impact on production is likely to go on despite very low farm prices.

Chronic Depression—A Consequence

Let me close by indicating in a word the main consequences of this unequal growth of the demand and supply of farm products, with the supply so distinctly in the vanguard.

1. Unless equilibrating mechanism has the capacity constantly to transfer a very considerable quantity of resources out of agriculture we would expect a chronic disequilibrium adverse to agriculture to occur and to persist except during wars and for a short period during business booms, and also for awhile whenever governments accumulate large inventories of farm products.

2. We would expect agriculture to be burdened constantly with an excess supply of labor even during periods of business expansion and of brisk job opportunities in non-agricultural industries. The burden of equilibrating the excess supply of resources in agriculture falls primarily on the labor force simply because improvements in agricultural technology are largely labor-saving in their effects. Moreover, labor constitutes the bulk of the resources employed in agriculture; and, workers are transferable. As our economy develops we find that we require constantly a redistribution of the labor force with relatively few workers engaged in agriculture. Slowly, but always belatedly, this is happening.

3. We would expect food to be cheaper on account of the chronic disequilibrium caused by the differing rates of growth of the demand and supply of food, than it would be if the excess supply of labor in agriculture were at a minimum. Obviously, merely raising the price of food by governmental action does not remedy this situation since it does not get at the underlying causes.

There are other important consequences, particularly in the international sphere, which I shall not treat at this time. Suffice it, therefore, to stress the long-run character of the depression in agriculture because of the chronic disequilibrium, the excess supply of labor resources in agriculture, and the implications of these to the price of food.

In the task of evolving appropriate policy, it is essential that we do not lose sight of the fundamental forces that are persistently reshaping both the supply and demand of farm products as our economy develops. Nearly all of our policy forged during the inter-war years, largely of necessity, was focused on farm relief, dealing with one emergency after another. These measures, accordingly, for the most part were not formulated with an eye to the more basic, underlying causes touched upon in this brief paper.

L. L. Longdon Dead

Laurance L. Longdon, associated with the Cleveland office of Hornblower & Weeks, Union Commerce Building, for the past 20 years, died at his home 1084 Leedale Avenue, Lakewood, O., Dec. 12, 1944.

Mr. Longdon, who had been in poor health for several months, was active in investment circles before his illness. He was a member of the Cleveland Bond Club and in 1936-1937 served as President of the Cleveland Security Traders Association, being one of the first to serve in that capacity after the Association was formed.

Within a few months of the opening of the Cleveland office of Hornblower & Weeks in 1924, Mr. Longdon became associated with that investment firm as manager of the trading department and continued in that capacity until his death.

Low Corporate Taxes No Remedy For Depression: Randolph Paul

Former Treasury Official Stresses the Importance of High Profits, After Taxes for Maintaining Prosperity. Favors Repeal of Excess Profits Levies.

Take-home profits after taxes should be given greater consideration than a reduction of corporate tax rates in formulating a sound post-war tax plan, Randolph Paul, former General Counsel of the Treasury, said last week.

Randolph E. Paul

Speaking to members of The Maryland Association of Certified Public Accountants, at Baltimore, Mr. Paul favored the eventual elimination of the excess-profits tax, but declared that low corporate taxes are "a remedy that has been tried and found wanting." It was tried in the twenties, he asserted, but we still had a depression in the thirties. "We cannot depend upon low corporate taxes if we want to keep prosperity in the post-war period."

Stressing the importance of profits after taxes, Mr. Paul, who is a member of the New York and Washington law firm of Lord, Day & Lord, asserted "it doesn't matter how low taxes are if our take-home profits are too low, and it doesn't matter how high taxes are if our take-home profits are sufficiently high"

Mr. Paul predicted that post-war Federal budgets might average $25 billion. He called for an immediate decision as to whether post-war taxation should favor consumption or investment, and said it was also vital to determine whether corporation taxes are absorbed by corporations of shifted to wage earners and consumers.

"Other people's taxes may be even more important to business men than their own," he declared. "Their own taxes take part of their earnings. Other people's taxes may determine whether they shall earn at all. There can be no earnings without a market for goods, and there can be no broad market for goods if taxes take away too much purchasing power."

Expressing doubt that taxes favoring consumption would lead to a post-war spending spree, Mr. Paul said: "Some post-war planning wishfully assumes reckless spending of war savings. People are afraid to spend capital when they are not getting income. It would be less risky to put spenders in a position to buy goods with income rather than capital. Then they could stay in the market and the market would stay with producers."

On the question of equity in the post-war tax system, he said "taxes should be justly distributed; so should tax reductions."

Wechsler & Co. to Be Formed in New York

Announcement is made of the formation of Wechsler & Co., to transact a general brokerage business in securities and commodities. The new firm will have memberships on the New York Stock Exchange, New York Curb Exchange and Chicago Board of Trade, and will be located at 120 Broadway, New York 5, N. Y.

Samuel Wechsler, member New York Stock Exchange; Capt. John R. Wechsler, U. S. A., and Hermine Freeman are general partners of the new firm, and Lillian R. Wechsler is a special partner.

For many years Samuel Wechsler has been engaged in charitable and communal activities: as Chairman of the Entertainment Division for the 1942 Red Cross Drive; Chairman of the Police Athletic League, and an organizer of the City Center of Music and Drama.

Mr. Wechsler has been a member of Selective Service Draft Board No. 67 by Presidential appointment since its origin.

Wood, Walker Partner

Wood, Walker & Co., 63 Wall Street, New York City, members of the New York Stock Exchange, will admit Stephen W. Waterbury to partnership in the firm on Jan. 1.

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December 20, 1944

Taxes Vs. Customers and Jobs

(Continued from page 2706)

any tax plan has landed. For it might not make a happy landing and so we might find ourselves in a spot where the creation of new jobs becomes well-nigh impossible. Indeed, I do not right now urge the complete elimination of the corporate income tax, even though I believe this tax is a concealed sales tax which has all the vices and none of the virtues of a sales tax.

Now what are the fundamentals? To the winning of the war, in our several capacities, we are giving all that we have. Also, we must win the peace. These are truisms. But I think you will agree that a large part of the peace must be won on the home front. This means that as a primary task we must find ways and means of solving what is grandly called our fiscal problem. That problem, speaking less grandly, gets down to paying taxes and still leaving to us the means and the will to bring jobs into being.

We Are Both Producers and Customers

The Government, as a customer, as an employer, as a price and wage fixer, as a money lender and as a subsidizer, appears to have so changed the business picture that it is easy to forget that the real level of our material existence must depend on how well we serve each other—that we lead a dual life as producers and customers, exchanging with each other as producers and customers. As customers, we dominate ourselves as producers, and, although what we call the Government has dominated through these war years as a customer, the Government is only our collective selves. The relation may be expressed in dollar symbols but basically it will not be changed. If we add to the costs of production, we must add to the costs of consumption—or to put it another way, if as customers we insist on getting something for nothing, then as producers we must find ways of giving something for nothing. There is, I regret to say, between production and consumption no twilight zone where good fairies play. It is as simple as that—and there are no exceptions.

What are we after? Let us assume that we are all responsible citizens of good will. Let us try to define our objectives. In the recent campaign, it was vigorously asserted on all sides that our ideal was a nation in which there would be jobs at good wages for all who wanted jobs and that beyond the jobs would loom the background of a perfect security against the hazards of illness and old age. No one is against those objectives. No one, in spite of much feverish testimony to the contrary, is actually promoting sin. But there is a wide and wholly honest difference of opinion as to what the words mean when translated into deeds and as to ways and means of attaining the ends. If jobs are a consequence and not a cause, discussing jobs instead of customers is starting backwards and getting nowhere.

Liberty is a moral issue and the right to worship according to one's faith is only one phase. Our liberty and our material life are not to be separated. If, as Calvin Coolidge put it, a free man is primarily entitled to the dollar he earns—which is only another way of stating the right to own—then it is a moral issue as to how the right to earn, to own and to spend shall be circumscribed. And, may I remind you, earning, owning and spending are just segments of a wheel. As customers, we select who gives the best and the most for our money — the package bought may be your service or my service, a ton of steel or a bag of potatoes. Thereby the customer elects who will earn most and own most. The exceptions are negligible. If through our Government we penalize those who serve best, then we unevenly grind a piece off the wheel and get a flat which bumps the whole national vehicle. If it be immoral for one to earn or to own beyond a certain amount—that is, to serve the customer beyond a certain amount—then it is wholly immoral for the State to celebrate each year by taking away the excess of earnings or ownings above the sin line. The moral way would be to prevent a man from sinning by preventing him from serving. The State should not live on the wages of sin.

But whatever may be the morality of ownership and use, it is neither honest nor sensible to have a jumble of tax laws which distort the exchanges that make up our economic life.

Take our situation here tonight. All of you, on the face of things, have paid the same amount for your dinner. But in point of fact you have paid widely varying amounts. Some of you in order to use a dollar for yourselves must earn at least $2.53. If you happen to earn $5,000 a year, you must earn at least $1.20 in order to have a dollar to spend, and, if you earn $2,000 a year, you must earn—at the moment—at least 11 cents more than a dollar before you have a dollar of your own. None of you has really paid the scheduled price for your dinner. That is not merely absurd. It means that prices are not what they seem to be and that they very according to the size of the income tax paid by the customer. That, some will say, is exactly as it should be. They say that the rich should pay more for what they buy than do the poor.

Here is what actually happens. The Government takes the customer power of the rich, the near-rich and all those who pay income taxes. To the extent that it does so, jobs depend not on the free choice of the customer but on the choice of a Government agency. The agency may decide not to buy the kind of goods on which depend the jobs of those who are all-out for high taxes on the other fellow. And suppose one of these men whose job has been killed wants to start up a shop of his own and knows a thrifty neighbor who he thinks might go into it with him and finance it. What would he say if the neighbor replied: "Yes, I would like to take a chance with you but how can I? The Government takes one dollar out of every two I earn. Where does that leave us?" This, gentleman, is not just a fanciful case. It is happening every day. Unfortunately, however, the tax cause and the job effect do not often spell themselves out so neatly.

Let me digress to say that I am, of course, entirely familiar with the contention that progressive income taxes mainly take what customers would save rather than spend directly for goods and services. That contention takes us into a miasma of belief that we do know how much men save, that saving beyond a point is anti-social, and that therefore both saving and investment should be regulated and hence some bureau and not the individual should decide if, how and when, the customers are to have more and better goods. The contention seems to support a tax theory. But tracked down it becomes a social theory of untested validity.

But coming back to what we pay for our dinners, perhaps some of you are here on corporation expense accounts. This means that as much as 85½% of your dinner is being paid for by the taxpayers. Uncle Sam has created an extraordinary, artificial bookkeeping item which he calls "Profits Before Taxes." It would better be called "Come and Get It." Each man in business knows only too well that this invitation is warping the other fellow's judgment because of the innumerable demands—including those for increased wages—that are put forward with the plea: "Why bother? The Government is paying for it."

Destructive Nature of Corporate Income Tax

The destructive nature of the corporate income tax will be my main topic this evening. Here it is enough to say that the tax not only is destructive in its effects but also induces an element of fraud. There is no use blinking the fact that taxes and regulations are setting back the moral clock and there is every reason to believe that all income taxes are heading into a moral outlook not unlike the moral outlook on violations of the Volstead Act. There is no way of explaining *all* of the vast increase in the amount of hand money in circulation except on the ground that many transactions are being carried on with cash that leaves no trace behind it. The inevitable consequence of bad laws is the moral degeneration of evasion.

And so, gentlemen, I suggest to you that our big job right now is to discover what customer power the Government can take from us and still leave us enough to support ourselves as producers. Let us think in terms of customers. Approaching from this angle, how can one subscribe to any of the plans which start out by projecting a national income which can be taxed to meet any Government expenditure? Such a projection presupposes that the national income will be whatever we want it to be. That smells to me like our old friend the managed economy, which I thought was still down the well into which it fell some years ago while struggling to prime the pump. If I were blowing national income bubbles, I would blow a whopping big one—says, $500 billions a year—and show how the national debt could be paid off and the Government run by a tax on brown shoe laces.

Since any fiscal plan which includes deficit financing in peace is not a plan at all, but an acknowledgement of an inability to plan, the absolute limit of effective national expenditure is the amount that we can transfer to Government without destroying the desire of the individual to earn more. If the desire to earn more be smothered, the tax becomes self-defeating, in that its yield will gradually diminish. This cuts customer power and, in our present vernacular, it means fewer jobs.

As a nation we have been pursuing a great, destructive tax delusion. This is that corporations can and do pay taxes. This may strike you as a surprising statement, but I literally mean what I say. Corporations have not the means to pay taxes. Corporate income taxes, like wages to workers and owners and all other costs, no matter when or where they occur, are costs nonetheless and the customer, if a business is long to continue, must cover the costs in the price. Of course the customer may not choose to buy at the price—in which case the business will fold up. Or again he may be willing to buy only at a price which is less than the total cost—in which case the business dies when it can no longer stand the losses. Or, finally, the customer may only buy smaller quantities or poorer qualities—in which case the business will shrink. In every case jobs and job opportunities disappear. In any event, whatever taxes a corporation pays must come out of the price paid by the customer, for the customer in the long run is the only source of funds for paying costs.

Now where are we? You will agree that corporation taxes are costs and over a period are paid by the customer in higher prices than he would otherwise pay. Also, you will agree that the corporation as a tax collector, should in good conscience turn over its tax collections to the Government. Therefore, you must agree that it is unthinkable to have a tax which all corporations collect in the price but only some turn over to the Government. As the tax works out it provides a refuge for those not doing the job well.

I am aware of the tax theory which assumes that a corporation is an economic as well as a legal entity—that it is a thing of itself apart from its owners and ought to be prevented from becoming too rich by withholding from dividend payments a large part of its income. Therefore, the tax is supposed to hit at corporate savings as well as at dividends to owners. That is a part of the wrong-to-be-rich philosophy.

But the tax, as I shall demonstrate, is not what it is supposed to be. In the long run, under competition, the most efficient producer—that is, the man with the lowest cost—is the one who attracts the customers. His price is the one at which other producers must sell. Thus all customers of all producers pay a price which includes the income tax of the low-cost producers. But only the low-cost producers turn over to the Government the taxes they collect. The less efficient keep what they collect. This in effect is a subsidy. The customers by paying that price which includes the tax of the low-cost producer provide a cost umbrella to the less efficient producer. The higher the tax the bigger the umbrella. The high-cost producer could not meet the low-cost producer's prices based on manufacturing costs. The income tax clears a cost area for him to absorb his other higher costs.

The customer may, if he be able and willing, pay the tax cost directly in higher prices, or, if he be neither able nor willing directly to pay the higher prices, he will in the long run pay them indirectly through the chaos of stagnation with all that means in the way of unemployment. For, if wages to owners cannot be covered in price, the provision of new tools will waste away until a smaller output will command the higher price. If the customer as a producer cannot exchange his products, he ceases to be a customer—if he can't sell he can't buy.

That, gentlemen, is what I am afraid we are going to meet if we carry high income taxes over into peacetime competition without a full realization of what they are and what they do.

The sheltering of the inefficient prevails at every stage of production and distribution from first producer to final customer, and the finished article reaches the ultimate customer at a price which includes some sort of pyramid of all tax costs and subsidies. But since all articles do not go through the same number of stages on the way to the customer, some have more costs and subsidies added to their prices than others. Thus, there is brought about an unbalancing of general price relations by Government tax edict. The exact extent is unknown, but I should not be at all surprised if part of the trouble that farmers have in exchanging their products for adequate quantities of manufactured products is due to the pyramiding of subsidized inefficiency that is the result of the corporate income tax.

The corporate income tax, I want to impress on you, is far more than a means of collecting revenue. Every business has its beginning by some imaginative man or group of them venturing their savings, their skill and their spirit. I am not thinking at this point of the important and essential financing on Wall Street or LaSalle Street. I am thinking of the one hundred, five hundred or thousand dollar rolls on Main Street which join up with a creative spirit to *start* a new job-creating venture. Sometimes—all too often—these businesses fail before they do more than get under way, but even the most successful have a long or short period of nip and tuck before they find their sustaining customers. One of the reasons ventures of this kind are getting rarer every day is that the corporate income tax in the short run, collaborating with the personal income tax, leaves little take-home pay for the adventurers. The incentives for new enterprise are drying up. And that means less new goods, fewer new customers, fewer new jobs, less taxes, and less new competition to sharpen prices.

It has always been hard to translate a creative idea into a going business venture; today's taxes are among the penalties making it almost impossible. Now the maze of tax, price, labor and other regulation, producing great uncertainty, even with expert and costly advice, discourages even the most hardy.

All this is ominous enough, but also the *growth* of many small, well-managed corporations, ever striving in the American way to become larger, has been stunted by the same penalties. For when they pass the nip and tuck period, they then need the five, ten and one hundred thousand dollar rolls for further growth. To get these rolls—because of progressive tax penalties on individual incomes—is even more difficult than to get the smaller rolls. And these businesses, even under the best circumstances, can accumulate only small reserves. With present taxes they cannot, even without paying anything to their owners, put themselves in shape to finance much adversity. That is, they have received death sentences and only the dates of execution remain in doubt. This gives an advantage to corporations that had become well established before the heavy rates went into effect. They can live for a while by eating the substance which they should use to provide more and better goods and services at lower prices. This makes for the gradual concentration of business in the existing corporations, regardless of their efficiency, and therefore for a kind of involuntary monopoly. It would be significant indeed if we could find a method of discovering the extent to which law is forcing the concentration of business. What we are having is something in the nature of a freezing process in which big business, because of its bulk, takes the longest to die.

You might well ask at this point, if it be true that the corporation of which I have the honor to be an officer does not, in the long run, actually pay any corporate income taxes, why I am asking that corporate income taxes, in collaboration with individual income taxes, be looked at from the standpoint of the damage they do. I represent a corporation which began long before income taxes were a serious element of cost and hence, with taxes as they are now, it would superficially seem that it is to the advantage of the United States Steel Corp. to stand by and placidly watch the law stunt the growth of new and small businesses. But new and small businesses and the growth of all businesses are the warm lifeblood of all enterprises, be they large or small. We in U. S. Steel know that if new and small customers are frozen out and existing customers are frozen in, we, too, shall eventually freeze. I am told that as a man freezes to death he reaches a state of warmth and happiness and it is then he must fight for his life.

I have stated that corporations do not pay taxes—that they are only tax collectors. Let us reason rather simply, taking as a case study U. S. Steel. I shall show you how and why costs—materials, wages for workers and owners, taxes and other costs—push each other around and finally squeeze out in the direction of least resistance.

The course of the squeeze is not the same in our present controlled economy as it will be in the competitive economy which we hope will come after the war. In the long swing, the squeeze always comes on the customer. Think, if you will, of costs as a row of blocks, each kind of cost being represented by a block. These blocks must fit into a "Products and Services Sold" box—that is, the total sales box. The size of the box at any one time is fixed by the controlled price and the volume of business. The cost must be covered by what the customers pay. There is no getting away from that. If at any one time a cost block is disproportionately increased, it will not fit into the box unless some other block be cut down.

U. S. Steel's products and services sold in 1943 increased over 1942. Our sales prices were regulated by the Government—we were in a controlled economy. So the box was increased only by the volume of business. But wages during the same period were disproportionately increased by more than $79,000,000. Therefore, to squeeze in the larger wage block, two other cost blocks had to be cut down. The result was $71,000,000 less in taxes for the Government and $8,000,000 less for our future needs.

The owners received the same amount in dividends in both years, so the Government really met most of the wage increase by having its tax bill cut. The union leaders raided "Profits Before Taxes." That is why, in the recent proceedings on wage demands before a panel of the War Labor Board, U. S. Steel insisted that the dispute was not between U. S. Steel and its workers but between the union leaders and the public.

In its sales, U. S. Steel collected tax money from the public but a part of the taxes collected, instead of being turned over to the Government, were diverted to pay wages. This means that to meet the increased wages, we shall all of us have to pay higher taxes for a longer period. If we continue with a controlled economy and Government-directed increases in costs, the squeeze will almost surely result in smaller and smaller corporate income tax payments as well as smaller and smaller returns to owners.

If, as and when, the wiping out of these payments to owners is being headlined, we shall undoubtedly hear much talk about human rights coming before the property rights of the other fellow. Where do human rights stop and property rights start? U. S. Steel now has about 225,000 stockholders of record. We have been trying to find out how many people are affected by our earning power. The results to date are amazing. Insurance companies with more than 34,000,000 policy holders and commercial companies with more than 500,000 stockholders have our securities. Among other holders there are 111 hospitals, 221 homes and asylums, 220 colleges, 297 churches, 118 fraternal organizations, 64 foundations, 38 missionary societies and finally, as appropriate, 49 cemetery associations. It would seem that, from birth to burial, at least two-thirds of the people of this nation are effective to a greater or a lesser extent by the wages U. S. Steel pays to its owners. Where do human rights stop and property rights start? We know the hardships and losses which come when wages to workers cease. But how about the hardships and losses which come when wages to owners cease? I hold, without reservation, that it is the high duty and solemn responsibility of management to fight for wages for the owners of tools. Neither workers nor owners can be treated as a favored class. The duty of management is to bring together and balance natural resources, owners, workers and customers, to the end that there shall be provided more and better goods and services for all. That cannot be said too often.

Now suppose that prices are once again made by many customers instead of by the Government. The period 1936-39 is being officially taken as normal and so it seems proper to apply our 1943 costs to the business and the results of that period to discover what will be our situation in peace.

If the wage rates, excluding overtime, and the prices of "Products and Services Bought" of 1943 were applied to the years 1936-39, U. S. Steel would have had an average annual loss of more than $75,000,000 instead of the average annual income of $45,000,000 it actually had and the Government would have lost an average of $14,000,000 in taxes on income. May I say parenthetically that I have not allowed in this for the many increased costs we would have if the recent War Labor Board directive becomes effective. I just can't figure them out.

The size of the "Products and Services Sold" box is determined by the amount the customer will buy at the competitive price. The average 1936-39 box was $820,000,000. If we are to cover our loss of $75,000,000, pay a Federal income tax of, let us say, 40% and pay $60,000,000 in wages to the owners, we would have to squeeze an additional $175,000,000 into the box. Then all the blocks including wages, purchased goods and services, taxes and returns to owners, would start squeezing each other. If management could not find ways to absorb all the added costs through increased efficiency—and it can never find ways immediately to absorb suddenly increased costs—it would be forced to try to get these costs back out of increased prices. You will observe that I say "try." The customers fix the prices. The notion that a corporation can set prices as it likes and still get business is not in accord with the facts. The customer is always the master.

There are some who hold the theory that the volume in postwar years will so expand the size of the box that no increase in its price dimension will be necessary. In the so-called normal 1936-39 period we sold an average of 11,000,000 tons of steel. Present prices on peacetime steel products are about what they averaged a year in that period. Without paying any return to the owners or income taxes to Government, customers would have to buy at these prices, to cover operating costs alone, more than 16,000,000 tons of steel—or one-third more than our long-term average of 12,000,000 tons. In only one year not influenced by World War I or II did our customers buy as much as 16,000,000 tons. With present prices and costs it would be impossible for us to produce the peacetime goods that would be necessary to pay an assumed 40% Federal income tax and the present return to the owners. Planning on the basis of theory is not a substitute for preparing on the basis of experience.

Let us all, as customers, sum up at this point. U. S. Steel's figures are no different from other companies' figures. All producers have high current costs along with unprecedented volume runs on wartime products. If volumes of peacetime products return to even higher than the so-called normal levels and present prices and costs continue, the corporate income tax will have dug its own grave. It will no longer be a tax, for it will have nothing upon which it may be levied. If prices be increased, all of us, as customers, must pay more for what we buy.

I can see but one way out—a form of taxation that will permit real competition between producers, will not shelter inefficiency, and that will return to Government in taxes all the tax cost that is collected from the customer in the price. Higher costs must be met by greater efficiency not penalized by taxes. New business enterprises must be promoted not by Government subsidy but by human skill and courage, by strengthening instead of weakening the incentives to produce more and better goods.

I hope that I have persuaded you, and that you will persuade others, that we cannot promote an expanding economy by curtailing incentive and protecting inefficiency. There is no fairyland between the producer and the customer where increased costs become profits instead of losses. If, through taxation or otherwise, we penalize those who undertake to produce and serve, there will be fewer jobs to be done and we shall present to the returning soldier a land of decreasing and not of increasing opportunity. We cannot promote our production by squelching ourselves as customers.

We get exactly nowhere by talking about specific sections of the current revenue law. It is impossible to exempt any group or section of our people from taxes without penalizing the others to the point of destruction. The day of assessing taxes on this group or that according to the volume of squawk should have passed—although a lot of people do not know it yet. The Government should no longer play taxes by ear.

In my view, the preliminary to a moral and therefore workable tax plan lies not in projecting a dollar income to cover the cost of sustaining Government in the style to which it has accustomed itself, but rather in the careful examination of our economy to learn how and what part of our goods and services can be turned over to Government and still leave us able to promote real human progress. The time to make that careful examination is right now. So let's set about it.

OUR REPORTER'S REPORT

The old adage of "first come, first served" certainly seems to have worked out to the full this week in the case of corporate issuers who timed their new offerings to reach market immediately in the wake of the closing of the Treasury's bond drive.

The operation involving $42,000,000 of refunding mortgage bonds of the New York, Chicago & St. Louis Railroad Co., on Tuesday, went through in a manner that was little short of spectacular.

Bids were opened at noon and since there were only two bidders the company had little difficulty in making the award. The Halsey, Stuart & Co., Inc., syndicate which captured the bonds on a bid of 10.529 for a 3¾% coupon, proceeded with public offering subject, of course, to Interstate Commerce Commission approval of the issue.

Priced at 102 the bonds were snapped up in something of a rush, the answer being that some half dozen large institutional investors, presumably insurance companies entered orders for substantial blocks.

Much the same situation developed in connection with Capital Transit Co.'s offering of $12,500,000 of first and refunding 4s which brought a high bid of 97½.

On the basis of inquiries reported following the award of the issue, it was indicated that this offering likewise would move quickly to investors.

Jan. 3 Next Busy Day

The next big day on the new issue calendar looks like Jan. 3 when three issues of intermediate size will be up for bids. Formation of groups in connection with these prospects has been reported active in banking circles.

The largest of the trio is $11,000,000 new first mortgage bonds of the Washington Terminal Co. which has invited submission of bids on that day. The new issue to mature in 25 years would be guaranteed by Philadelphia, Baltimore & Washington R.R. and Baltimore & Ohio R.R. which jointly own all of the Terminal Company's stock.

Next in line is the projected sale of $6,000,000 of Servel, Inc. new 4½% preferred stock, and close behind is listed an issue of $2,000,000 of 3⅛% bonds of Arkansas-Missouri Power.

Long-Term Refunding

On Jan. 4 the Louisville & Nashville Railroad is expected to bring out a new issue which will be unusual, at least by comparison with recent offerings, in that it will have a maturity of almost 60 years, or become due in 2003.

Nevertheless it will be nothing new for the company since it already has outstanding some $74,000,000 of first and refunding mortgage bonds of similar maturity.

Results of this undertaking will be awaited with keen interest since it may afford a cue to future refinancing operations in the corporate field with regard to longer maturities.

Philip Morris Preferred

Following the Louisville & Nashville financing, if it goes through as now expected, the market will experience a brief lull, from present indications.

But it won't be for long since on Jan. 15 Philip Morris Co., Ltd. is slated, according to schedule, to place $20,000,000 of new preferred stock, probably with a 4% dividend rate.

Common shareholders would have the right to subscribe for the new issue in the ratio of one share of new preferred for each five common held, and holders of the outstanding preferred would be privileged to exchange their existing stock with cash adjustment thereafter.

The stock would be underwritten with any unsubscribed or unexchanged portion being offered publicly.

Another Issue in Sight

Kansas City Gas & Electric came to the fore this week as a prospective issuer of new preferred stock. It is known that at least two banking groups are in process of formation with an eye to going after this business.

The new issue, it was expected, would total about $8,000,000 with the proceeds being used to retire outstanding preferred.

This is under no circumstances to be construed as an offering of this Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Stock. The offer is made only by means of the Prospectus.

NEW ISSUE

60,000 Shares

THOMPSON PRODUCTS, INC.

Common Stock
Without Par Value

Price $47.50 per share

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer this Stock in compliance with the securities laws of the respective States.

SMITH, BARNEY & CO. McDONALD & COMPANY

December 19, 1944

Financing Small Business

(Continued from first page)

will be a crying need for this in the post-war days.

A glance at the figures indicates how important small business is to our normal economy. In 1939, the last year of peacetime operations for which data are available, small manufacturers (those employing 100 or fewer wage earners) constituted over 92% of all manufacturing establishments. In the same year, small wholesalers (less than $200,000 annual sales volume) made up over 77% of the number of wholesale establishments, and small retailers (net sales less than $50,000) totaled over 91% of all retail stores. In the field of service establishments, hotels, and other similar lines, small concerns amounted to approximately 90% of the total.

Small manufacturers employed 30% of all manufacturing wage earners and small wholesalers provided jobs for 39% of the wage earners in that segment of trade; 56% of all retail wage earners worked for small retailers.

In dollar value of output, small manufacturers produced 31% of the total for the United States. Small wholesalers made 21% of the total dollar sales at wholesale, and the sales of small retailers amounted to 42% of the total retail sales.

It is significant that in 1925 the number of new businesses established exceeded by 55,000 the number of businesses discontinued. By 1939 this figure had been cut in half, whereas in 1942, the businesses discontinued exceeded by 87,000 the new businesses established.

Small business normally constitutes a good one-third of our commerce and industry. Surely this is not an inconsiderable or unimportant segment of our national economy. Its relation to post-war employment, production, and consumption will be very substantial. Its prosperity during the post-war period might well determine whether or not we attain the employment and production goals to which we aspire.

It is disturbing to realize that so far as this large segment of American business is concerned, capital is practically unavailable and credit only slightly more accessible. The social, political and economic consequences of failure to rectify this situation may be rather serious. It is a matter that demands the attention of our business people, our workers, and our government, both local and national.

Of course, small and new businesses will always be subject to the same general business conditions as all other business, and obviously they cannot under any circumstances prosper if general business is bad. We can accept this as axiomatic and time does not permit a review of the conditions precedent to good business. They have been widely and fully discussed during recent months, although perhaps a bit on the optimistic side. At the forefront, by quite general agreement, comes the matter of taxation. For many years our tax structure has discouraged assumption of risks and has hindered accumulation of capital. It is a sobering thought to reflect that if this tax structure had existed during the first quarter of the 20th century, scarcely a single one of our large and successful concerns could have developed as they have. We would probably have no great motor industry, no vast electrical business, no large chemical business, each one with a long string of small businesses with which it mutually gives and takes, as suppliers and sub-contractors to its production, as distributors and consumers of its products. Our standard of living would have been deprived of billions in wages and products.

I think it is not unfair to say that during the past decade certain taxes have, unintentionally no doubt, fallen with particular severity on small business and new enterprises which are necessarily compelled to work on narrow margins. It certainly seems desirable that this process be reversed. Constructive suggestions have been made for the alleviation of the tax burden with respect to funds actually invested in capital equipment. This might be broadened to include comparable benefits to the smaller commercial and trading concerns. The stimulating effect of low capital gains taxes in luring out venture capital has also been emphasized.

When this war is over, our small and new businesses will be particularly in need of capital and credit to buy new and up-to-date machinery, equipment and installations, and inventory on which to work. The service station owner will have to put his tanks and pumps and meters into first class operating condition or buy new ones. The dentist and doctor will need up-to-date technical equipment. The butcher and grocer must repair or renew their shelves, their counters and showcases and their refrigerators. The same is true of drug stores and cafeterias. The manufacturer will have to have efficient tools and equipment. The returning G. I. who wants to set up a local flying school will need his plane and hangar and service shop. Or if he wants to go into some other business, he will have to equip and finance it. Existing legislation affords him some financial aid but I doubt that it is sufficient for this purpose. Even the farmer, in our economy has to have more than a rake, a shovel and a plow. All these things cost money.

A lot of new goods will have to be turned out. Socially and economically, it is desirable that a goodly portion of them be turned out by small business and new enterprises. The post-war prosperity, which we all fervently hope for, depends on our ability to accomplish this production with good wages and reduced costs. To do this, the business man and manufacturer, be he large or small, will need up-to-date and efficient equipment and installations. The American workman gets higher wages than his less fortunately situated foreign counter number just because he turns out more production, due largely to the fact that he enjoys the benefits of capital in the form of better tools and equipment. And so, if we are to decrease costs and raise wages—which is the counterpart of high production and consumption—we have got to put capital at the disposal of our businesses, large and small.

In the post-war process of raising funds for re-equipping, the big, well-established companies will not have serious financial problems. There is plenty of money available for investment in seasoned and safe securities and loans are readily available to them at fantastically low rates. But owners of capital and banks, like workers, have become keenly security-conscious and are timid about taking risks. The big company has not suffered from this trend. On the contrary, in a sense it has benefited, because so-called safe securities and loans have commanded constantly increasing premiums. But the opposite condition has prevailed for small companies and, above all, for new enterprises.

It has been possible for some small enterprises to obtain financing during the war through one institution or another, usually with government backing, and thus to participate substantially in the war program. On the whole, however, the war mortality of small companies has been appalling, particularly amongst those normally engaged in civilian business. In 1942 alone, 307,000 businesses folded up. Those that have been forced out of business in our national interest have a right to expect reasonable aid and assistance in re-establishing themselves, while those that were able to take up war work should be offered adequate financial facilities for reconversion to peacetime pursuits. This will require considerable amounts of capital and credit. The fact is that the opportunity for small or new enterprises to get capital is practically non-existent, while the situation as to credit is not a great deal better, with no improvement in prospect in either category.

Not a week, nor scarcely a day, goes by but what our firm is approached by some worthy small enterprise seeking from $50,000 to $100,000 of capital to develop or expand a sound small business or to start a promising new venture. But this sort of money is not available in New York. Wall Street's function in the investment field is the handling of those securities that are suitable for national distribution. The securities of such companies are not in this class. But there is every reason why they should be able to find capital and credit in their own localities.

They are known at home. Their suppliers and their customers to a great extent are there. The home town bank carries their deposits and from it they should be able to borrow. It is there that their people are employed and spend their wages. And so, these small companies should be the very real concern of the states and local communities where they are located. Socially, economically, and in a sense even morally, they would seem to have a reasonable claim to a substantial part of the capital and credit of the communities which their production and consumption help to sustain. But in frankness we must admit that under present circumstances, it is next to impossible for them to obtain capital or credit where they ought to—viz., in their own communities.

One reason, of course, why local capital and credit markets are so tight is that during the last decade courageous money, both national and local, has taken cover. We have been thinking in terms of security and conservation rather than in terms of development, expansion and risk-taking. Our economy was built on the latter, not on the former principle. Unquestionably the risks of investment or loans to small and new enterprises are greater than to large and established ones but so are the chances of profit.

Another reason may lie in the fact that local and national investment banking business, bore a particular measure of public and legislative blame for the crash of 1929. Its short-comings were emphasized while its services were forgotten. The Reconstruction Finance Corporation through loans and purchase of preferred stock did much to sustain our commercial banks and to restore them to a sound condition. It is perhaps unfortunate that similar efforts were not made to save and restore worthy institutions in the investment banking field.

The progressive deterioration of local capital markets is evidenced by the substantial decrease in the number of local investment dealers. According to the Security Dealers Manual, the number of local investment dealers (excluding branch houses) in the ten cities of Bridgeport, Wilkes-Barre, Columbus, Louisville, Kansas City, Dallas, San Francisco, Seattle, Minneapolis, and Atlanta decreased from 517 in 1935 to 284 in 1944. There has certainly been no comparable decrease in the population, business activity, or aggregate wealth of these communities.

The realization, I think, is steadily growing that investment and particularly venture capital is of considerable economic importance and that the industry supplying it performs a highly useful function. I need hardly invite your attention to the very real contribution that the investment bankers have made in the sale of our war bonds. So far as I know, it is the only field in which war work has been performed in tremendous volume with neither compensation nor even reimbursement of expenses. In this respect, the investment banking fraternity can be justly proud of its patriotic and generous contribution to meeting a part of our war needs.

I wish that I might indicate to you some simple, quick and easy way of building up local capital and credit markets so as to furnish adequate funds to sound small and new enterprises, but I can't. Many suggestions aimed at this worthy purpose have been made and some steps toward it have been taken. But I think it can be fairly said that neither invidually nor in the aggregate are they likely to suffice.

For example, it has been suggested that the exemption limit of SEC registration requirements be raised from the present amount of $100,000. This would, of course, ease the burden and expense of national registration for small companies but I think this does not touch the essence of the problem.

There is no national market for such securities even after they have been registered. It is not getting the securities ready for public sale, that is so difficult. It is selling them. Furthermore, such a rise in the registration requirements would not aid or affect local situations of a purely intrastate character. They are not subject to SEC registration anyhow.

Another effort is indicated by credit pools formed by groups of banks in different localities. This may to a limited extent furnish credit facilities but unless it is done very generally, which does not presently seem to be likely, its effect will not be substantial or widespread. And, of course, it meets only part of the problem by being confined to loans and not including investments. Furthermore, there are real questions as to the propriety and probability of banks in a group taking loans which they would not individually handle.

I must not fail to mention the very real service to small businesses during the war performed by the Smaller War Plants Corporation under the leadership of Maury Maverick.

But none of these efforts, in my opinion, goes to the heart of the problem or are adequate for its solution in the post-war period.

May I say very definitely, that I do not think the solution lies in Wall Street or even through the efforts of Wall Street. From a social point of view, this would be undesirable; from a political point of view, suspect; and, from a financial point of view, I think impossible. Local people do not know the personalities or ramifications of Wall Street. Nor can Wall Street people have that intimate acquaintance with local conditions, individuals and businesses which is necessary to furnishing of investment capital on a sound basis. Thus disappointment or worse on both sides would probably follow an effort by Wall Street to solve this problem.

Nor do I think it can be solved from Washington or even at all by government alone. If, for example, the government sets up a large pool of money, it is probable that not being familiar with the local conditions and individuals, the funds will either be handled too conservatively and thus not made adequately available, or too recklessly and thus lost.

Indications of a possible solution may be obtained from consideration of certain characteristics of the problem. In the first place, though it has very important national, social, political and economic repercussions, it is primarily and essentially local. It is the home folks who have the most immediate and perceptible gain to look for by solving it in the form of additional employment, larger payrolls, more production and more business. Furthermore, they are the only people who know intimately the several businesses, the financial and character risks involved. They can best appraise the potentialities and capabilities of the management. And so any plant looking to a revival of the local capital and credit markets must, it seems to me, recognize at the outset the local aspects of the problems and seek its solution through local initiative, responsibility and control. In this way not only are community pride and benefits involved, but there is also the important stimulation of the watchful eyes of one's neighbors constantly alert with approval or disapproval.

But I question whether the financial strength and resources of most local communities are presently equal to the task without some government aid. And so, in my opinion a combination of local operation, management and control, supported by government aid is indicated.

I have endeavored to point out that the problem involves both invested capital and credit. The distinction in the sources of these funds and their application is well known. Buildings, plant, equipment, machinery and a margin of working capital can only safely come from the former, while the latter is properly available for those items which have greater liquidity, such as inventory, accounts receivable, etc. I mention this distinction because I think the two elements must be approached in a different way.

With all these conditions and circumstances in mind, I suggest for your consideration that local communities might tackle the job of furnishing capital to small and new enterprises by forming local investment companies or pools of capital to be obtained from local businesses, banks, and public spirited citizens without imposing an undue burden on any individual or group. If certain reasonable requirements are met, government could well supply additional funds through preferred stock as it did to the banks. Perhaps such companies could be encouraged through special State and Federal tax advantages.

Such organization could purchase equity shares in small and new enterprises, holding them for a time, subject to redemption out of profits, or to be disposed of through local investment dealers. In this way such companies might become handsome sources of business to local investment houses and thus stimulate dealer interest in the success of these enterprises.

Portfolio holdings should be distributed as soon and as widely as possible so that additional funds would be available for further investment. If the holdings become frozen, the organization's usefulness as a finance vehicle naturally ceases. Operations could be supervised and investments approved by local Boards of Directors consisting of responsible business and professional men, commercial and investment bankers, representatives of labor, the local Chamber of Commerce, the Mayor ex-officio and, if government funds have been received, a government representative. A competent operating management would of course be essential and investments would have to be carefully screened lest the company become a haven for panhandlers. These organizations could also aid those companies whose securities they held with technical, production and sales advice.

Let no one think that such investments need necessarily prove unprofitable. Competent and astute management is by no means confined to large concerns. In many respects and in many fields a definite advantage is on the side of the smaller company. Of course, there will be some losses but on the other hand, there will also be profits and it should be possible to set up adequate reserves.

In order to exchange experience, establish uniform practices and benefit from mutual mistakes, the operating heads of such enterprises could form State, and in turn, national associations.

A program of this sort would furnish an inspiring example of initiative by private capital in cooperation with government aid in the development of small business and initiation of new enterprises. Furthermore, it could, I think, be done economically and expeditiously as I doubt that elaborate State or Federal legislation would be necessary.

Much has been said and written about preserving our existing local institutions. Perhaps it is equally important to create some useful new ones.

The capital funds which such an organization could supply would not alone be sufficient. They would have to be supplemented by credit facilities, although, as I have indicated, some facilities in this field already exist. My suggestion here also is a combination of private initiative and government support. I propose that the RFC, or some other appropriate Federal corporation, be authorized through guarantee or otherwise, to share a part of the burden of loans made by local banks to small or new business up to a limit, say of $100,000. This, too, would preserve the advantages of local scrutiny, supervision and control. The suggestion of government aid in solving these problems may cause concern to some. I do not share it. Government has borne a large measure of the credit risks in our war economy. Why should it not also give like support where needed in peace times? If the government, as it has through the Home Owners Loan Corporation, can properly help to save homes and to build new ones, are there not equally cogent reasons for government support toward saving or establishing the small businesses from which families who live in these homes draw their livelihood? It seems to me more constructve to accomplish something with Federal aid than nothing without it.

I yield to no one in my admiration of, or faith in, the creative power of private initiative. But lest anyone feel that my suggestion for government aid is an infraction of our traditions along these lines, I take the liberty of calling your attention to the very substantial Federal grants which were eagerly sought and enthusiastically accepted by our railroads and other industries during the brightest blossom time of unbridled individualism in our history.

I am pleased to be able to tell you that this important problem has not escaped the attention of the Investment Bankers Association, the American Bankers Association, or the Committee for Economic Development, each of which has formed a committee especially charged with studying and formulating plans for dealing with it. I understand that under the sound and able leadership of John F. Fennelly, of Glore, Forgan & Co., Chairman of the Investment Bankers Association's Committee on the Financing of Small Business, these three committees are getting together to exchange views and to formulate joint plans. This is a hopeful sign. I am sure that government participation in their discussions and plans will not be lacking. I can also tell you that I am assured that the principles and the program which I have outlined in this talk will receive their careful consideration.

A successful consummation of their efforts would add greatly to the stature and public esteem already enjoyed by these groups and would be a service to our country and to its several communities which would be a real tribute to cooperation of private industry with government.

I am sure that I have not given you the impression that I think these problems are simple or susceptible of easy solution. Like all tough problems their solution calls for leadership, imagination, courage, competence and plenty of hard work. My own suggestions are made modestly with no conviction that they are the best ones or even the right ones. I am convinced, however, that unless we find such adequate solution for these problems we cannot achieve that measure of post-war employment and production which is necessary for our own national welfare and without which I fear there can be neither peace nor prosperity in the rest of the world.

What's Ahead for the Railroads?

(Continued from page 2711)

taxes, up more or less in proportion.

It is hardly possible that there could be in future years anything like such rapid progress in reducing or holding down over-all costs despite rising unit prices for labor and materials, although assuredly the railroads will do what can be done through improved technology.

Right there, however, is a critical point. Technological improvements, no matter how meritorious, can accomplish little unless somewhere there is someone willing to invest his dollars in installing the improvements which the inventors devise. And that hard-headed fellow with the dollars is willing to spend them in that way only when and where he sees a reasonable change of getting his money back and of earning a profit.

While earning—or at least trying to earn—a profit for himself, his investment in productive tools contributes even more to all others concerned. A prime reason why railroads in this war are able to do twice the job of the first World War, and do it so much better, is that while the railroad worker of 1918 had at his disposal, on the average, $10,000 worth of "tools," his successor in 1943 was working with $20,000 worth. As a result, not only did the work get done better, but the men who did it received wages which averaged nearly twice as much in cents per hour, the public received the truly incalculable advantage of adequate and dependable transportation, and the government, instead of having to pay out nearly two million dollars a day on account of deficits in running the railroads, received from them more than four million dollars a day in taxes.

Such contrasts give an idea of what investment can be made to mean in the way of improving transportation and cutting its actual cost—a beneficient process which is by no means at its end on the railroads, if the conditions under which the business is to be carried on in the future are such as to warrant continued investment in improving this fundamental transportation of the nation.

For that, two things will be required—a sufficient total volume of production and traffic in the nation, and a fair and equal chance for the railroads to carry that part of the total traffic for which they are economically best fitted on the basis of true costs and service.

To bring about such a result would require no more than the adoption of a governmental policy of treating all forms of transportation alike, not merely in matters of regulation, important as they are, but in the even more important matters of investment, government support and taxation.

As it is, transportation is carried on under a confusion of contradictory policies—at one extreme, such as the railroads, as a business enterprise which provides its own plant, both fixed and movable, meets its own costs, pays its own way and helps through its taxes to support essential government services such as education and the administration of justice; on the other hand, as in the case of the Inland Waterways Corporation, as a governmental activity which is neither self-supporting nor tax-paying. And all in between these extremes, there are mixtures of the two contradictory principles of independent business enterprise and dependent governmental activity, such as privately operated boats or planes using waterways or airways provided and maintained at public expense, with little or no payment therefor, by those who use them.

Under such a state of confusion in thinking and policy, there is small possibility that the country will get what it should have—the best and cheapest service which can be provided for each of its transportation needs. The very effort to create "cheap transportation" no matter how much it costs—so long as it costs someone else—has multiplied transportation agencies, divided the total traffic movement, subtracted from true efficiency and added to the total transportation costs of the nation.

When a railroad man speaks of such subjects, however, there is quite likely to be in the mind of the listener the question, "Yes, but how about the government aid to early railroads? Didn't the government do for them what it is now doing for other forms of transport?"

Certainly that is believed widely but none the less erroneously. Governmental units—local, State and national—did participate in the financing of early railroads to a considerable extent, though it is easy to overestimate the amount involved. Of the present investment in railroads, in fact, something more than 98% is private investment of private funds, and not more than 2% governmental investment.

The real question, however, is not the amount of public investment in early railroads but the nature of that investment. With negligible exceptions, it was of three general sorts—purchase of shares of stock in railroad companies by cities, counties or States; the loan of credit to railroad companies by States or the Federal government; and the use by the government of the device of land grants, previously employed in aid of canals and turnpikes, to aid in the extension of railroads into sparsely settled regions.

The first of these types of aid was an investment, in which the governmental unit concerned took a risk-share in the ownership of the railroad. The second was a loan, usually secured in a lien retained on the property involved. Both of these were, therefore, in accord with the true enterprise principle, in which the investing or lending governmental unit stood on the same footing as other investors, and in which, ultimately, the user of the service was expected to meet all and not merely part of the costs of the service he used.

The third type of transaction, the land grants by the Federal government, were not "gifts," as they are usually and quite inaccurately called, but definite trades, in which the government both gave and got consideration and, as things have turned out, got vastly more than it gave.

All these transactions differ in principle and effect from the type of government expenditure now made in aid of some forms of transport—an expenditure which, in the past quarter of a century, has amounted to more than the total private investment in railroads in more than a hundred years.

The government, national or State, now builds a river channel or a canal, for example, and makes a free gift of its use to those in position to take advantage of it, with no effort whatsoever to recover from the users any portion of the taxpayers' money spent for their benefit Such expenditures are not investments. They are gifts at the expense of all for the benefit of some.

When such forms of transport were truly useful, the users were quite willing to pay for the privilege, as is demonstrated by the history of the canal connecting the Hudson and the Lakes. For more than fifty years, those who used it paid tolls for the privilege. The time came, however, when it was no longer truly useful and when, had it been a private enterprise, it would have been abandoned. Being a governmental activity, however, and thereby relieved of the business necessity of paying its way, the facility was kept in use, while tolls were taken off, and vastly more money was spent on it than ever before—to create a form of transportation so fantastically costly, all elements considered, that it simply could not exist but for the bounty of the taxpayers.

That well illustrates the difference between business enterprise and governmental activity in the ancient form of transportation by water. The same sort of difference is exhibited in the very newest form, by air. Something like nine-tenths of all the expenditures that have been made in furtherance of commercial aviation in this country have been taxpayers' money. There is here in the City of New York one airport alone, LaGuardia Field, on which there has been spent more money than the total cost of all the transport airplanes in regularly scheduled commercial service—and another and still more expensive airport is being built.

These airports, primarily and almost exclusively for the use of commercial air transport, are on something of the same order of cost as a major railroad terminal. The difference is that the owners, and ultimately the users of the service, pay all the costs of the railroad terminal—both the investment cost of its construction and the cost of maintaining and operating it—and then pay taxes on it, besides, for the support of governmental activities. By contrast, the users of airports and airways, provided by public investment, maintained and operated by public funds, make almost negligible contributions toward bearing the costs incurred on their behalf.

This contradiction in governmental policy is fundamental in any consideration of what's ahead for the railroads. The railroad business is entirely capable of successful operation where there is a sufficient volume to keep the plant busy. The railroads can succeed and meet their obligations as self-supporting, tax-paying business enterprises if government policies of the future are such that they, along with every other form of transport, shall

(Continued on page 2735)

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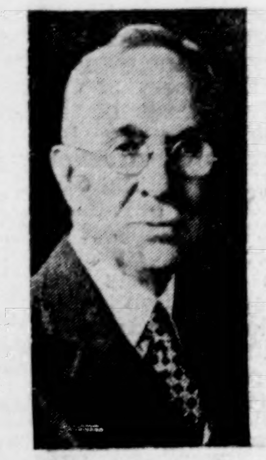
December 19, 1944

Another Group of Opinions on Peacetime Training Proposal

(Continued from page 2706)

offer to any boy who would take a year of military training the right to take that training in some college or technical or mechanical school; at Government expense, where he could start learning a trade or obtain a college education as a reward for volunteering for military training. Such a system, I think, would be far preferable to compulsory military training for one year for all boys. Once that system would be started, I believe there would be no difficulty in finding all the boys necessary who would be willing to take the military training in return for the opportunity to obtain an education or training.

J. E. LE ROSSIGNOL
Department of Economics, The University of Nebraska, Lincoln, Neb.


J. E. LeRossignol

I have consulted six of my colleagues and all but one are opposed to compulsory military training but in favor of a sufficiently large standing army with a suitable system of voluntary training in colleges and elsewhere.

For myself, I will say that compulsory military training in time of peace seems to me un-American and un-English, as being out of harmony with American and British traditions and ways of life. After the war it would surely be unnecessary, and the objectives could be better attained by an army of professional soldiers. The present demand for it looks like an expression of panic, if not of wartime hysteria, from which we shall recover before long. Decision, therefore, might well be postponed until the war is ended and it becomes clear as to the enemies, if any, against whom we should prepare to defend ourselves.

I am really not as dogmatic about this as I may seem to be, but I give you my present views on the subject for what they may be worth.

JO H. ANDERSON
President, Park National Bank, Knoxville, Tenn.

With reference to your symposium on "Compulsory Military Training in Peacetime for America."

In my opinion, this would be very harmful to our young men of America, since it would place them in an environment at an age which would be most harmful, and at the same time it would be very disturbing to them during their years of education and no doubt many would never finish school after having rendered such service.

Furthermore, it is my opinion that such training would be of little value to these boys in case they were later called for military training and would create an enormous expense on our Government.

JOHN L. DICKINSON
President, The Kanawha Valley Bank, Charleston, W. Va.

I am not in favor of compulsory military training. I do favor, however, the encouragement and maybe some assistance to the military schools that are of high standing both in morals, learning and military.

The writer happens to have had some experience in a very good military school (maybe not as good as West Point) in school days, but there a rigid control was also exercised as to the morals and habits of the students. Universal military training without these controls has never been elevating but has lowered the standards of morals and habits of the participants and, after all, our country is not better than the morals and habits of its people, which has been on the downward curve for some years, and is continuing.

DAN W. HOGAN
President, City National Bank and Trust Co., Oklahoma City, Okla.

Dan W. Hogan, Sr.

I favor compulsory military training in peacetime for America for the reason that I feel it will give the American youth a better understanding and a greater interest in his country. In order to have the freedom of a democracy under a system of private enterprise, the great majority of its citizens must deserve it by feeling a similar interest which he takes with his family in his fireside home.

The present generation should see to it that such compulsory military training does not include the proselyting of communistic fears. Had we had compulsory military training immediately after World War I, and dispensed with our isolationist theories, we would not have had World War II with all of its cost and devastating results.

F. L. LIPMAN
Chairman of the Board, Wells Fargo Bank & Union Trust Co., San Francisco

F. L. Lipman

On the question of "Compulsory Military Training in Peacetime for America," I find myself in close accord with the expressions of Dr. Davis, published in your issue of Oct. 26. His discussion of the subject seems to prove the thesis that from a military standpoint short periods of intensive training would cover the need, and, considering the welfare of the young people themselves, their education during the formative period of youth should be left to educators.

HOLMES D. BAKER
President, The Citizens National Bank of Frederick, Frederick, Md.

With reference to your symposium on compulsory military training in peacetime for America, I beg to advise that I am very much in favor of compulsory training as I believe it will be a splendid thing for the boys and at the same time a great protection for this country, and it should give us men with some training in case they are needed in the future. Of course, I hope very much they will never be, as we should certainly be able to make a lasting peace. However, if we have our young men trained I think it will help very much in continuing the peace.

HON. JESSIE SUMNER
Representative in Congress from Illinois

Hon. Jessie Sumner

My opinion upon the President's proposal for a conscription bill is this:

Congress has no constitutional authority whatever to draft citizens unless it is reasonably necessary to the defense of the United States. The statement of General Marshall, Chief of Staff, just before the 1944 election ought to be sufficient evidence that the postwar conscription bill is not reasonably necessary.

I never vote for bills I know are unconstitutional, therefore I shall oppose the conscription bill—not that it will do any good.

W. H. WOOD
Chairman of the Board, American Trust Co., Charlotte, N. C.

Word H. Wood

The subject of compulsory military training in peacetime for America is one that is hard for me to write fully about because I am not sufficiently informed. My own thought before reading the various discussions of the subject which appeared in the "Chronicle" of Oct. 26, was that we should have **some kind** of universal training; and, after reading Dr. Davis' article and also the article by Rev. Meyer, I believe Dr. Davis is right and agree with him on this subject.

If we never need the training of our young men and young women for war purposes, it would do them a lot of good physically. There are a great many young people who do not take any form of physical training, even in college. I agree with Dr. Davis that such training should not encroach on or become a part of the Federal system of general education, and that education and this training should be left to the educators. I do not agree that this training should be confined to one year. It seems to me that it would be better if our young men and women had one or two months of training every year—those from the ages of 15 to 24—and in a way that it would not affect schools and colleges.

This is about all I can say on the subject, and do not have the time to study it carefully.

RT. REV. HERMAN R. PAGE, D.D.
Bishop, Diocese of Northern Michigan, Marquette, Mich.

Frankly, I am not in favor of compulsory military training in peacetime. On the basis of a good many years' experience in working with young people, not only in the Church but on the high school and college athletic fields I feel that the youth of America needs, and at heart wants, a life of more discipline. This conviction, of course, rests wholly apart from my feeling that the well-being of the nation demands such a course of action. Many people will naturally raise the cry that it makes for militarism. As one who served in two wars and who kept his reserve commission in between, I had an opportunity of watching the results of military training in many different fields. I saw it in college ROTC's; I saw it in military schools and have seen it in the CMTC. In none of these have I ever observed that the military training made the youth who took it a militarist. On the other hand, as one who advocated such a course of action way back at the close of the other war I feel very certain that it is a great deterrent for war.

FRANK S. MAGILL, L.L.D.
President, Penn Hall Junior College and Preparatory School, Chambersburg, Pa.

Frank S. Magill

The question of compulsory military training in peacetime for America commands the serious thought of every mature citizen of our nation. It is, perhaps, well to consider it now, in the midst of war, but not well to answer it and act upon the conclusion we may reach.

There are two reasons why we believe as we do—first because a great question such as this, that has to do with "peacetime," should have our most serious consideration when our minds are at peace and our judgment sound and our conclusion be the result of serious thought that is able to know the end from the beginning, and not of the trial and error type that has so frequently resulted in confusion and chaos.

The second reason why we believe the present is not the time to say that compulsory military training should be inaugurated is because millions who are fighting and dying to establish peace are not here to express an opinion as to how it may best be maintained. Our nation at one time, and while at war, adopted certain reforms based largely upon sentiment which reforms were a little later gently pushed aside. No special harm was done by that experiment, but by the one now under consideration the case might easily be very different.

To be more specific, it is our opinion that the United States should have a much larger and vastly better equipped army and navy than it had at the outbreak of the present war—army and navy commensurate with the nation itself—and that the Congressional Committees of House and Senate should use their every power to prevent any individual or group from poaching in these preserves. Furthermore, we believe that America, an all-time advocate of peace and goodwill, except possibly for the very small minority that is always ready to sacrifice peace and principle for power or plunder, would be seriously harmed by having its mind continually directed to war in preparing for it, and by having the lives of our young men and women interrupted in their regular development by unnecessary interruption.

Some of the arguments presented for this training period for our young men and women, remembering all the time that war may be 10, 20, 25 or 30 years hence—or even, and God grant it may be, longer:

(1) Physical fitness — training period from 4 to 12 months—time necessary to lose all that has been gained, from 48 (possibly 24) hours to 2 or 3 weeks. All schools and colleges could and should give very careful attention to the physical fitness of every student, and many do. Added work and added expense, of course, but repaid a hundred-fold in health, work, and character.

(2) Acquaintance with equipment. The same **time** principle applies here. What we learn to use today may be, will be, so outmoded five years hence it could well be a museum piece.

The above points have been presented by proponents of compulsory military training as bases for argument, but certainly little thought had been given to them, if any at all.

A further, and much more serious feature to be considered in this matter of compulsory military training by the Government—for R. O. T. C. and like systems, seem not to fill the bill—is the passing over to the Federal Government of the education of our youth for even a limited time.

The statement made by a Cabinet officer over the radio about two years ago, that following the present war the Government would be directing most of the colleges and universities of the country, and practically all large industries—though we didn't believe even a Cabinet officer—reminded us of a statement made to the writer about 35 years ago. A minister of the Gospel and college professor, the father of several children, was asked what he thought of the idea of having in the President's Cabinet a Secretary of Education directing a Department of Education. His reply was: "In due time parents would then become little more than breeding animals for the State."

The education of American youth, male and female, old and young, for peace or for war would best be left to other than Government agencies.

GEORGE R. BOYLES
President, Merchants National Bank in Chicago

Geo. R. Boyles

I am of the opinion that compulsory training will be necessary, at least for some years to come, if we are to take our proper place in preserving the peace of this world.

MOST REV. JOHN J. SWINT, D.D.
Bishop of Wheeling, W. Va.

I am very much opposed to universal compulsory military training in peacetime:

1. Because it is not necessary for our self-defense. We have always met our emergencies adequately without that training, and I have no doubt but that we can do so in the future.

2. The best and most proper place for the vast majority of our young men at the age of 18 is at home and in school.

3. I consider it unwise and unjust and undemocratic to pass such a measure now during the excitement and hyterics of war, and with so many of our men absent from the country. If the matter is to be taken up at all, it should be deferred till after the war.

LEONARD CARMICHAEL

President, Tufts College, Massachusetts

Leonard Carmichael

I am in essential agreement with the program for universal military training contained in the article by Dr. Harley N. Davis, President, Stevens Institute of Technology, which appeared in your issue of Oct. 26. However, I also find myself in very definite agreement with some parts of the program of Rev. Cyril F. Meyer, Dean of St. John's University which appeared in the same issue of your paper. I particularly believe that every emphasis should be given to maintaining and developing the college ROTC program in post-war year.

T. W. APPLEBY

President, The Ohio National Life Insurance Co., Cincinnati, Ohio

I am not sufficiently well-informed on the question of compulsory military training in peacetime to discuss this proposal intelligently, but so far there has been no war that ended war, and it seems to me that for a great nation like America to come up against what confronted us in the early part of this decade with no preparations is disastrous. Because of this lack of preparation we no doubt suffered thousands of casualties more than we otherwise would have in this war, and it does seem that in the period immediately ahead of us after the close of this war we ought to give special training to a large group of men who might for a period be without other employment.

DR. ROY L. GARIS

Vanderbilt University, Nashville, Tenn.

Roy L. Garis

I am opposed to compulsory military training as a peacetime program. We are too far on the road today toward dictatorship in this country to run the risk of a compulsory military program for all our young people. Furthermore, to be of any real value it would have to be for more than one year—perhaps three years. Instead, it would be far better to spend an equal sum of money in assuring each such person from one to three years of technical or college education.

I would be willing to see an educational program that provides an opportunity for every boy or girl who graduates from an accredited high school to enter a college of his or her own choice for a maximum of three years of intensive study. I would not exclude persons due to minor physical handicaps such as flat feet or hay fever. They would be required to take a broad but intensive college program on a 12-months basis, doing the normal four years in three years.

As at present, students should be free to enter engineering, pre-law, pre-med, etc., or academic school. A reasonable amount of military training should be included in their studies, but I would not over-emphasize this phase. Certainly not more than five hours per week should be given to this. It should be under the direct supervision of Army and Naval officers. Such students should be eligible for the college teams.

The tuition and fees of such students together with a reasonable allowance to the college for room, board and laundry should be allowed by the Federal Government. Not more than $30 per month should be allowed the student for personal expenditures. They would not be expected to carry any Government life insurance on a compulsory basis. Each such student would be expected to devote six weeks each summer after graduation for three years to military training in a regular army camp. Thereafter he or she would be on the reserve list until 35 years of age.

Would Earmark "Slacker"

I believe that while they are students regulation uniforms should be worn by the men. This is not only more democratic but it would earmark the "slacker" who should be in the program but whose financial status might enable him to remain outside the program.

Any boy or girl who has not graduated from high school when 18 years of age should have the same opportunity available for training in a vocational or technical school for the same period of time. If he or she is within a year of graduation then part of this period could be allowed to complete the high school work, making such person eligible for college.

I would put this entirely on a voluntary basis, but I believe a large number of young men and women would avail themselves of the opportunities involved. I am convinced it would be profitable to the Government and to the American people to promote and finance it on this basis.

Fundamentally, most of the argument in favor of compulsory military training results from the serious breakdown of parental control in this country. No compulsory military program can or should be a substitute for parental authority. Nor should it be a device by which parents can shift their responsibility to the State. Juvenile delinquency cannot be solved by compulsory military service any more than it used to be thought that a man should be required to work from sun-up to sunset to keep him out of mischief.

As fundamental to the success of the program Congress should prohibit the appointment of any person to a commission of any type who has not had this basic training.

LYTLE L. SALSBURY

President, The Marine National Bank of Erie, Erie Pa.

It is definitely my opinion that there should be compulsory military training in peacetime for America. I had occasion to take this particular stand several times prior to our getting into the war at which time young men were being placed in training. It surely is a great asset for our country and is fine training for young men even if never called upon for military service.

H. BLAKE OLIVER

President, American National Bank of Miami, Miami, Fla.

I am unequivocally in favor of military training for all young men without question, without exception and without any frills. In my opinion, this is necessary for our future, and the fact that we have it will, I believe, keep us out of war, where otherwise I think that in another generation we will have the same experience and without preparedness, I would fear for the future.

N. H. ENGLE

Director, Bureau of Business Research, College of Economics and Business, University of Washington, Seattle 5, Wash.

Dr. N. H. Engle

From the standpoint of discipline, I think compulsory training along military lines in time of peace for America would be a good program. However, I would oppose it if the boys are to be put in the army. In place of that, why not a plan similar to our ROTC, employing full army discipline, living in barracks on the campus and wearing the uniform at all times but dividing drill with education?

HON. ROY O. WOODRUFF

Representative in Congress from Michigan

Hon. R. O. Woodruff

Our nation has, of course, never been a military one, so that our people have naturally heretofore always fought shy of any so-called "compulsory military training" in peacetime. That is but natural to a peace-loving nation such as ours.

Right now, with our country being deeply involved in war and wholly concerned with bringing this conflict to an early and successful conclusion, I feel that it is somewhat untimely to voice any definite opinion—either for or against—on this all too-important question. In other words, let's wait until the war and peace have both been won and then let's also find out just how the boys who served in the present war feel about this question of "compulsory military training."

EDWARD WIEST

Dean, College of Commerce, University of Kentucky

Edward Wiest

At present I do not favor universal compulsory military training in peacetime for America. My position is influenced in part by the attitude now prevailing in favor of international cooperation for the maintenance of peace.

However, I favor compulsory military training at State universities or Land Grant colleges, a larger army, navy and air force than we had before the war, and greater emphasis upon physical education and health education in the public schools. Our public health services should be enlarged so as to provide adequate annual medical examinations and satisfactory arrangements for the correction of ailments for all youths of school age.

WILLARD J. BREIDENTHAL

President, The Riverview State Bank, Kansas City, Kan.

In reference to my views on compulsory military training in peacetime for America, wish to say that I am not at all in sympathy with the movement of the women, ministers and educators in this matter.

Certainly the experience in this war has been such as to lead us to the conclusion that some sort of training is necessary. It is the best insurance against attack, and the next time we may not be fortunate enough to have some one carry the fight until we get prepared.

BERTRAM M. WILDE

President, Janney & Co., Philadelphia, Pa.

I heartily endorse compulsory military training in peacetime.

I believe that it constitutes the best insurance against future conflicts.

As to the economic aspect of the question, the cost of training, I do not believe that we can afford not to have such training, and from the moral aspect, it has been the writer's observation that discipline and other things which go with this training are extremely beneficial.

HAMILTON HOLT

President, Rollins College, Winter Park, Fla.

Dr. Hamilton Holt

I am against the Unted States in the post-war period having compulsory military training for American youth. Nothing should be done along those lines until we see how the United Nations are working out the sanction of force to prevent future wars, and then act accordingly.

Necarsulmer to Be Partner in Gruntal Co.

Edward Necarsulmer Jr., member of the New York Stock Exchange, will become a partner in Gruntal & Co., 30 Broad St., New York City, New York Stock Exchange members, as of Jan. 2. Mr. Necarsulmer was formerly active as an individual floor broker; prior thereto he was a partner in Pollard & Co.

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A lucid and comprehensive analysis of the interesting complexities of the Pittsburgh Railways Company system, including a summation of possible developments in the near future, has been prepared by the Research Department of The First of New York Corporation, 70 Pine Street, New York City. Copies of this report, in booklet form, are available upon request.

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F. EBERSTADT & CO.

December 20, 1944

The Code of the Securities Business

(Continued from page 2707)

for the business ideals which motivate you and I want also to thank you for the splendid cooperation which you have given to the management of the Exchange.

As to the principles which are embodied in your code, I doubt whether anyone could improve upon them, and I do not believe that any business or profession has higher ethical standards than yours. We will merit public respect and we will prosper to the extent that these principles are applied in our day-to-day relations with the people we serve.

I want to examine briefly the set of principles which you have enunciated and relate them to the problems of our business. First on your list is the principle that "the client's interest shall always be the first consideration." This is elemental. Unless it is observed scrupulously, our member firms will soon lose their clients and the Exchange and all that it represents will fall into disfavor.

I cannot endorse too emphatically your second principle, that opinions or advice shall be supported by adequate knowledge and information; and that in offering suggestions a broker shall present to a client as many relevant facts as possible, whether they be favorable or unfavorable.

I have had a good deal to say on this subject, as you know. The well established principle of truthful disclosure of facts, as the basis upon which security values should be judged, is the essence of Exchange policy. You may recall that I drew attention, in a letter addressed to members and member firms last August, to the fact that the circulation of unverified rumors had created in the minds of many members of the public an impression that the evils of manipulation, which at one time gave the Exchange a bad name and which we have only been able to live down after a long period of hardship and hard times, were again coming into play.

Now I believe that manipulation has been almost entirely rooted out. But as we all know, public suspicion that a condition exists can have consequences almost as serious as if the suspected condition actually existed. It behooves all of us, therefore, to see to it that our business is kept above suspicion. And the most effective method that I know of, by which we can protect the reputation of this business, is to stick resolutely and everlastingly to the principle that the only true basis in judging securities values is authentic information.

This principle has application in a number of directions. In this connection, I frankly have been concerned over the fact that a few market letter writers and, I understand, some of our customers' brokers, in their oral suggestions to customers, have recommended the purchase or sale of securities on the basis of opinion unsubstantiated by factual information or by expert analysis. Fortunately the number of such lapses is small. In my judgment, it is a great mistake for anyone to say to a customer that he thinks well of this or that security, or that he hears favorable reports about this or that security, unless he is prepared to support his recommendation or his comment with available facts relating to a company's progress or to special developments within a company. It does not happen often, I understand, but there does appear, occasionally, in market letters and in conversations between brokers and customers, a suggestion that a particular security looks good when the broker either fails or is unable to give the factual reasons for his recommendation.

Now, I do not suggest that a broker or a market letter writer be limited so rigidly as to tie his hands completely with respect to what he says to his customers, but I am giving you my impression, based upon a great many complaints which flow into my office and upon certain market literature which has been brought to my attention. We cannot afford, in this business and in this time and day, to deal in tips and hunches. If our business is to be kept upon a solid foundation, there must always be truthful disclosure of factual information. Impulses and guesses will not serve.

As to the principle that "willful and knowing dissemination of false and misleading information shall be considered unethical." I do not believe that anyone would be so foolish as to violate this principle. If he did, he would not only lose his customer, but he would speedily expose himself to the stern disciplinary authority of the Exchange.

You have a paragraph in your code which says that "the encouraging of financial transactions not commensurate with a client's resources, or the recommending of highly speculative ventures, without explaining the extent and nature of the risk involved, shall be considered unethical." I have already referred to the injunction against suggestions of highly speculative ventures without an explanation of the extent and nature of the risk.

It is your disapproval of the encouraging of financial transactions not commensurate with a client's resources which I wish particularly to mention. We have had, from time to time, complaints that this principle has not always been lived up to. No doubt, some of these complaints come from persons who blame the broker for their own mistakes or bad judgment. I might say that the number of such complaints has decreased almost to the vanishing point, and I give credit for this fact to you in this business who are concerned with its future and who realize that only by the highest standards of conduct can desirable accounts be attracted and held.

Very often letters come to my office from persons of small means who wish to buy securities—usually securities that are selling at low prices and whose main desire obviously is to realize a quick capital gain. We have a ready-made reply in my office for letters of this kind and I am sure that most of our firms have. Our reply carries the simple suggestion that it is not the function of the Exchange to give investment advice, except that the safest course for anyone to pursue who is inexperienced in judging security values and who cannot afford the risks involved is to put his available money into Government bonds.

You members of the Association of Customers Brokers have pledged yourselves to exercise care in the introduction of accounts and to insist upon the observance by your clients of the letter and spirit of any laws and regulations governing their transactions. I cannot commend this principle too strongly. An irresponsible customer, a customer with a bad record or one who violates or seeks to violate the rules of the Exchange or the law can do irreparable harm to our business. Last July the Exchange saw fit to remind member firms of the Exchange of the requirements of a rule of the Board of Governors that due diligence must be exercised to learn the essential facts relative to every customer, every order and every cash or margin account accepted or carried by member firms. We can save ourselves a lot of grief by observing this rule with the utmost care.

To save time, I pass over, but with fullest approval, of course, your pledges that information concerning a client's transactions and his account shall be considered confidential, that methods of soliciting business shall be dignified and in keeping with the ideals of your Association and that the rules of fair competition be observed.

I come now to what I consider to be one of your most important principles that is that the laws, rules and regulations of the New York Stock Exchange and of other exchanges and of the Federal and State Governments shall be adhered to by your members. Whether some few may like it or not, the principle of regulation is permanently established and widely accepted. Changes in the details of the securities laws can and will be considered, of course.

As I have often said, their is no reason why the details of these laws should not be changed to remove unnecessary hindrances and irritations in order to give the securities industry the greatest possible freedom consistent with the public interest. But we must not ever, and I am sure we will not ever think of breaking down the barriers against the evils and abuses which formerly existed.

In some respects the rules and policies of the New York Stock Exchange are more rigid than the securities laws themselves. All of us should be proud of this fact. We should also be proud of the fact that this institution is a subject of legitimate national concern. It serves millions of people. It is an essential unit in our system of free enterprise. Our market has a vital part to play in advancing the enterprise system. It must facilitate the gathering and servicing of the capital necessary to build a better world through rehabilitation and reconstruction. There can be no return to pools, manipulations, irresponsible offerings of worthless securities and the days of inadequate and incomplete information concerning the affairs of publicly-owned corporations.

All of us are greatly concerned about the public position of the New York Stock Exchange and of its membership. As we all know, the public's respect for us and for our business is determined, in the last analysis, by our own conduct, by the efficiency with which we operate and by the competence and sense of responsibility with which our relations with the public are carried on. No institution and no business, unless conducted with complete honesty, with high proficiency and with regard for the public welfare can long survive or prosper.

We believe that the New York Stock Exchange is established and operated today on such a basis. The high principles of business conduct with which this institution is imbued extend throughout its members and member firms, as indicated by your code of ethics and by what you are striving to do. I am not claiming perfection, because I realize fully that there is much room for improvement. It is my conviction, however, that we are today accepting, as never before, our public responsibilities and that we are steadily moving forward.

If this improvement is to continue, we must keep in mind certain precepts. Please do not feel that I am lecturing you, if I put some emphasis upon some of the pitfalls and hazards to which we are occasionally exposed. You recognize these pitfalls and you are constantly seeking to avoid them. We can never afford, for one moment, to relax in our determination to keep this business on a high plane and to prevent a recurrence of conditions which brought public disfavor upon us in the past and which will do so again unless we are alert.

As you know, the Exchange has considered, from time to time, the advisability of enlarging its public relations activities. It was apparent to me when I first came here that, despite the great strides that had been made, in enlarging the public's understanding of the Exchange and in increasing the public's esteem for it, there was urgent need to carry this educational process further. I am unwilling to move aggressively in this direction until I was convinced that the Exchange had put its house in order, was operating upon a sound basis and thus was prepared to go before the public with a program designed to make the entire nation realize the Exchange's economic usefulness as an essential unit in our national economy.

As I have reviewed the internal changes of the last six or eight years and the improvements which have been introduced, I have come to appreciate that the Exchange has taken those steps which are necessary preliminary to the kind of educational program we have in mind. Not only has the Exchange adopted a great many measures that provide additional safeguards for the public in its dealings with our member firms, but those firms themselves in the development of their own policies and in the expansion of their facilities, have gone very far in creating the conditions which build public confidence.

I gave to my predecessors in the management of this institution full credit for the splendid ground-work which has been performed by way of modernizing the management and government of the Exchange. I was fortunate in that I took up my duties here after this modernization was well under way. My associates and I have endeavored to carry on the good work and, I feel that the time is fast approaching when we will be in a position to intensify our external activities in the field of public relations. Your cooperation, when that time comes, will be essential and I know I can count upon it.

Meanwhile, I am pleased to note that you are interested in an educational effort which various organizations, including the Stock Exchanges, the Securities and Exchange Commission, the Better Business Bureaus and the State Securities Commissioners, are just now preparing to initiate. This is an undertaking to which we should give our fullest support. The principal effort in this program is to prevent the diversion of money presently invested in Government bonds or held on deposit into promotional schemes that are questionable. Undoubtedly, the holders of various types of Government bonds, particularly the "E" bonds, will be subject to high pressure to induce them to transfer their money, and I am not speaking of worthless securities only, but of get-rich-quick real estate promotions and of other enticements which are already beginning to appear. We will be making a splendid investment of our time and energy if we join in this preventive activity which the SEC is planning, in cooperation with other organizations, including the New York Stock Exchange.

In conclusion, may I say that I have great confidence in the future of the securities business. Ahead of us, there is, in my judgment, an unprecedented demand for the services of an organization such as ours which has the skills and the facilities necessary to release the flow of vital private capital upon which post-war reconstruction and the establishment of a stable order will so largely depend.

Can America Buy Its Own Post-War Products?

(Continued from page 2709)

the counter, that operates as a demand that goods-creation shall continue. How much of our money will be active money when the outflow of Government funds stops? If by any unhappy chance most of it were highly active, we should probably have runaway inflation. If, on the contrary, most of it were held as a store of value and the small active portion itself moved sluggishly, it would be quite possible to have another 1933 despite all our billions in demand deposits. Chairman Eccles hinted in a recent speech at these two widely divergent possibilities. Literally, everything depends upon the extent to which this huge volume of liquid funds is likely to be used for the purchase of consumer goods, the hiring of services and the production of new capital goods. There can be little doubt that there is money enough in the country to satisfy the most ardent "greenbacker." What we are interested in now is how much of it is going to change hands and how fast.

It is my belief that some light is thrown upon this question by an inquiry into the ownership of these deposits. Business deposits respond to a quite different set of stimuli than do the housewives'. Consumer balances tend to be individually small, enormous in number of accounts, and highly active. Business balances may vary from the intense activity of the department store to the static majesty of a $100 million reserve cash account of a great corporation. How can we ascertain out of this welter of cash who owns what?

Until the late 1930's no data with respect to the ownership of bank balances has been available. But of late the Federal Reserve System has carried on periodic analyses of the constitution of our demand deposits by increasingly extensive sampling procedures. From these surveys we are gradually obtaining a clearer view of the status of deposit-ownership (in broad classification) and of the trends in deposit-ownership. The latest breakdown appears in the November Bulletin and shows the situation as of July 31, 1944. These figures are naturally of absorbing interest to the monetary economist and the student of the business cycle.

This study reveals that of the $60 billions of demand deposits outstanding on July 31, $37.4 billion were owned by business (all but $4.7 billion by non-financial business) and $18.6 billion by individuals—$4 billion in the hands of farmers and the balance owned by other individuals. During the year ending July 31, 1944, business balances trended upward by $1.3 billion while personal balances were up $2.6 billion. In this single year farmers' balances were up $700,000,000! Longer-term trends are also shown. Since December, 1941, business balances have moved from $25 billion (up $12.4 billion) and personal balances from $10 billion (up $8.6 billion). It will be noted therefore that while the general growth rate is slackening since 1943, the growth rate of personal balances is proportionately much better sustained. In fact, personal balances have nearly doubled since Pearl Harbor. Indeed, for technical reasons fully described in the Bulletin, it seems clear that the actual increase was rather more than the figures indicate.

From these figures, it seems to me, certain broad inferences may be drawn. In general business balances, large enough in 1941 to

(Continued on page 2733)

DIVIDEND NOTICES

McGraw Electric Company

Notice of
Extra Dividend

The Directors of McGraw Electric Company have declared an extra dividend of 50¢ per share, payable December 28, 1944, to holders of common stock, of $1 par value per share, of record December 20.

Judson Large,
Secretary-Treasurer.

UNITED FRUIT COMPANY

DIVIDEND NO. 182

A dividend of one dollar per share on the capital stock of this Company has been declared payable January 15, 1945, to stockholders of record at the close of business December 21, 1944.

LIONEL W. UDELL, *Treasurer.*

Combustion Engineering Company, Inc.

200 Madison Avenue, New York

The Board of Directors of Combustion Engineering Company, Inc., has declared a dividend of $2.00 per share on the outstanding capital stock of the Company, payable on December 28, 1944, to stockholders of record at the close of business December 22, 1944.

H. H. BERRY,
Vice-President and Treasurer.

VANADIUM CORPORATION OF AMERICA

420 Lexington Avenue, New York, N. Y.

December 12, 1944.

At a meeting of the Board of Directors held today, a dividend of twenty-five cents per share was declared, payable December 29, 1944, to stockholders of record at 3:00 o'clock p. m., December 22, 1944. Checks will be mailed.

B. O. BRAND, Secretary.

DIVIDEND NOTICES

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of $1.50 per share on the Common Stock of the Company. Both payable December 31, 1944 to Stockholders of Record at the close of business December 19, 1944. The stock record books will be closed for the purpose of transfer of stock at the close of business December 19, 1944 until January 2, 1945.

ROBERT B. BROWN, Treasurer.

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

December 15, 1944.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend and 50 cents per share as an extra dividend on the no par value stock of the corporation issued and outstanding, payable on and after December 27, 1944 to the stockholders of record on the corporation's books at the close of business December 19, 1944.

JOSEPH N. SEIFERT, Secretary.

UNITED GAS CORPORATION
Common Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held December 20, 1944 a dividend of fifteen cents (15c) per share on the Common Stock of the Corporation was declared for payment January 31, 1945 to stockholders of record at the close of business on January 9, 1945.

Attention is called to the fact that scrip certificates for fractional shares of Common Stock do not entitle the holder to this dividend unless combined with other scrip certificates into full shares of such stock before the close of business January 9, 1945.

H. F. SANDERS, *Secretary.*

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock payable on January 15, 1945 to stockholders of record at the close of business December 28, 1944. No dividend was declared on the Common Stock.

GEORGE MIXTER,
December 19, 1944. *Treasurer.*

UNITED SHOE MACHINERY CORPORATION

The Directors of this Corporation have declared a dividend of 37½c per share on the Preferred capital stock. They have also declared a dividend of 62½c per share on the Common capital stock. The dividends on both Preferred and Common stock are payable January 5, 1945, to stockholders of record at the close of business December 19, 1944.

WALLACE M. KEMP, Treasurer.

Can America Buy Its Own Post-War Products?

(Continued from page 2732)

render many of the larger corporations independent of the banks, would now seem more than sufficient to finance reconversion provided the will and confidence so to use them is present. Similarly, if personal balances of $10 billion were sufficient to maintain tolerably good consumer purchasing power at the time of Pearl Harbor, $18.6 billion now plus a greatly expanded volume of outstanding currency ought at anything like current price-levels to be more than sufficient today, again assuming the will and confidence so to spend and invest them.

This conclusion is further reinforced by the breakdown of personal deposits by size of account. Only one billion of the $18.6 billion total is to be found in accounts of $100,000 or over and less than $2 billion in accounts of from $25,000 to $100,000, leaving nearly $16 billion in accounts of less than $25,000. This points to a very wide dispersal of these balances among the consumer population. If the average balance of these smaller accounts were $2,000 (which is probably high) the total number of accounts indicated is at least eight million. Add to this sum a large part of the $21.7 billion of currency outside the banking system, which is believed to be for the most part in the hands of defense workers and black market operators, and the broad, even unprecedented base for popular purchasing power becomes evident.

The geographic distribution of these balances is not without its own significance. Demand deposits (business and personal) have increased in States like Arizona, New Mexico, Kansas and the Dakotas by 150% since Pearl Harbor, the Southern and Mid-Western States have shown an almost equal expansion, and even the industrial areas on the eastern seaboard bring up the rear with absolute increases averaging 37%.

In contrast to the situation prevailing in the middle 30's when the South and West were ill-equipped with cash to buy the industrial output, today sees $6.3 billion in the San Francisco District, $10 billion in the Middle and Southwest (exclusive of the Chicago District's $9.1 billion), $5.8 billion in the South, $4.6 billion in the Cleveland District, $6.3 billion in Boston and Philadelphia and $17.5 billion in New York.

The writer recalls examining in 1938 one of the first incomplete and unpublished surveys of the Board which showed as of the middle 30's a total of individual balances for the entire country of about $4 billion. Yet the circulation of these paltry balances in a time of large unemployment, minimum investment and considerable business uncertainty was sufficient to generate a national income of some $60 billion. At that time total balances were about $20 billion and money in circulation two to three billion. Likewise, in the great flare of the late 20's the country managed to generate a national income of $85 to $90 billion out of total deposits of about $30 billion, of which hardly more than $6 billion could have been individual balances. Surely the possession of $18.6 billion of such balances now presents an arresting contrast.

Are these balances then so large as to endanger the normal functioning of the system? While it is of course impossible to ignore the inflationary possibilities, it may be asserted with some confidence that the chances are preponderantly against trouble of that sort. In the last 15 years bank deposits have tended to become increasingly static as a whole. Corporate balances have shown a persistent growth line with a decreasing percentage of turnover. Even individuals are likely to build up the size of the checkbook balance because of the comfortable feeling that cash on hand gives and because money rates exert a decreasing pull upon cash. Cash is valuable so long as prices are not too conspicuously rising as a completely flexible instrument of future demand. The memory of the long deflationary 30's is also in the blood.

Thus, while nothing is less predictable than the behaviour of holders of cash, there is no particular reason to believe that this cash will start shooting rapidly from holder to holder bringing about goods-shortages and a thoroughly disrupted price structure. Although none of us want to see rationing and price-controls continued a moment longer than necessary, most people feel that until the wartime shortages of durable consumer goods are at least partly made up, some controls may be needful in a few fields.

As suggested earlier in this article, however, it is one thing to have the balances in bank and another thing altogether to have the will and confidence to part with them in exchange for goods, services and new investment. Too many people, including many of us who ought to know better, tend to assume that once money in hand is parted with we shall never see it again. Of course, a moment's reflection demonstrates that currency and balances transferred are never used up but continue to flow back and forth among the population again and again. (It is true, of course, that the savings-investment disequilibrium may in the end upset the return flow, but that is a deferred effect.)

What people do observe and focus upon is the eventual end of the war and its accompanying cutbacks. The fear is prevalent that administrative hesitancy will delay the necessary preparations for resumption of civilian production too long and that between the two stools of wartime and peacetime production we will hit the floor. It would be tragic indeed if through ineptness we brought about a wholly unnecessary depressive cycle initiated by unemployment and perpetuated by consumer hoarding of cash. I am confident, however, that our ample liquid resources would operate powerfully at least for several months to ward off a serious slump. Much has been said about the three-year deferred demand for durable consumers goods as a stimulus. The fact is, of course, that there is at all times a perfectly tremendous deferred demand—a demand that has to be deferred not until the goods are made but until the money is in hand to satisfy it. The money is the important thing, and because the American people have it today in unprecedented amounts, things will have to go very wrong, indeed, to prevent continuance of economic good times after the war.

Thus far in our discussion we have assumed a debtless economy. For the rest of this century, at least, we must take the Federal debt into account in all economic calculations. The weight of the debt is dependent upon the size of the national income. For this reason alone we must have a post-war income of $140 billion or more. Mr. Eccles speaks of $170 billion.

The hard way to expand the national income is through an absolute increase in the physical volume of goods at the same prices. An easier way, though not a better way, is to let the superabundance of money raise prices, confining by management the extent of the rise, so far as possible, to a gradual and orderly advance. This procedure opens profit margins without reduction of wage scales, encourages new investment and discourages delayed buying. Naturally, the domestic price-level cannot ignore world prices altogether, but high mechanization and quality give us some protection even in world trade. Besides, the movement is likely to be worldwide. It always has been. Indeed, once the Government ceases to be a buyer of goods and becomes only a debtor, its own attitude toward higher prices is likely to be modified.

In summary, then, it is suggested that consumer purchasing power at the end of the war may be expected to be relatively high, that the only discernable possible cause for a check in the switchover lies in administrative failures or excessive caution in an economy not free to respond to economic forces, and that provided no depressive cycle is permitted to develop before the economy is again freed from its controls, our best hope for a period of sustained prosperity after the war lies in an orderly, gradual and moderate advance of the price-level to relieve the weight of the debt and budget.

Situations Interesting In Conn. Companies

Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn. members of the New York Stock Exchange, have prepared memoranda on American Hardware Corp.; Scovill Mfg. Co.; United Illuminating Co.; Torrington Co.; Connecticut Light & Power Co.; Connecticut Power Co.; Connecticut situations which appear attractive at current levels. Copies of these memoranda may be had from Chas. W. Scranton & Co upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2710)

for purchase if and when available at certain prices. Not all the stocks chosen got into the buying area. Those that got in were the following:

American Smelting, bought at 39½, stop at 38. Stock is now about 40, which isn't much to crow about. Yet the metals, particularly the non-steel group, indicate sufficiently higher prices to warrant holding.

* * *

Climax Molybdenum was bought at 34½, stop 33. Like Smelters, this stock hasn't developed into any world beater. Current price about 34½ shows that. Holding, however, is advised.

* * *

Glenn Martin, bought at 21½, with a stop at 20, acts better than the previous two stocks. Current price of about 23¾ puts it in the black though not substantially so to give holders any feeling of comfort. Hold stock.

* * *

Timken-Detroit Axle came into the list at 33½. Stock is now across 36 and acting okay. But don't let an approximate 2½ points profit lull you into any feeling of security. Where the stock market is concerned there is never any security. This is as it should be. For if you feel safe, you become careless. And if you become careless, brother you're on the way to losses.

There are one or two other stocks in a group I have studiously avoided for a long time which are beginning to show new growing pains. The group is the utilities; the outstanding performer is that old dog, once a shiny blue chip, Columbia Gas & Electric. A few weeks ago the stock was battered down to under 4 on a large volume of sales. Most of the selling seemed to come from good sources. Yet looking at stock closer you realize that most of this selling was for tax purposes. In any case action of selling looked as if stock was going to $2 or even a buck. Yet today it is back to across $4. As a short term trade Columbia Gas has little or nothing to recommend it. Its price is against it. But for a longer term holding I think it shows enough to warrant buying here.

* * *

Second utility is United Gas Improvement. Like former it, too, was hammered down to under 12. But it, too, snapped back once the drive let up and now it's back to about 13. Because of the price latter may be expected to do better for the short term than later. But both, or rather neither, can be considered trades for a quick turn.

* * *

Signs of a temporary top are again appearing. With a holiday coming (incidentally, Merry Christmas) selling is likely to increase if for no other reason than to close positions. So look for lower prices until after New Year. But so long as the stocks you hold stay above their critical points the advice is to hold.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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International Inflation

(Continued from first page)

by the sale of long-term bonds to the general public, the total of which would not materially affect their monetary situation anyway. To this group belong the European neutrals, the Arab countries, especially Egypt, most of the Latin American nations, India and South Africa.

2. Runaway paper money inflation has developed so far only in a few countries, especially in Greece. The stabilization has wiped out the Greek monetary unit. A new money had to be introduced, depriving the owners of the old currency of their savings. A similar fate is in store, presumably, for the German mark and the Japanese yen. (The new drachma is depreciating already.)

3. Between these two extremes is the large variety of intermediary cases in which the inflating of an inconvertible paper money progresses at a rate that still permits the freezing of the exchanges and of essential prices. They may be classified, in turn, into (a) the type represented only by Canada and the United States, which commands a large gold reserve (under the ground or above) and the prospect of a continued favorable balance of payments, both substantial enough to permit stabilizing its currency at the present par; (b) the type of country like China, where the reopening of essential imports and of foreign credits might bring about the possibility, within a short time, of stabilization; (c) the bulk of the active belligerents whose gold reserve bears no proportion, at the official rates, to the inflated volume of purchasing power, and whose pre-war gold-par will have to be abandoned after the war, if not before, because of a fundamental disequilibrium in their international relations.

Automatism of Gold Inflation

Disregarding the case of virtually obsolete currencies, the essential distinction is between inflations based on gold and those based on government credit. The difference is not merely a matter of origin or procedure. It is one of quantities as well as of ultimate results. Only in countries with gold (and credit) inflation is there a chance of restoring something like the pre-war commodity price level and a certainty that they may maintain the gold content of their currency if they choose to do so, without resorting to artificial deflationary measures.

Inflation consisting in gold accumulation, and/or credit expansion based on the influx of gold, corrects itself automatically. In due course, gold may disappear in hoards, losing its monetary character, or it may flow out again. Dollar and sterling balances may be lost either by using them for purchases or by being frozen, or by devaluation (especially of the pound). The mechanism of the gold standard practically guarantees that inflation is followed, sooner or later, by deflation. It will be sooner rather than later in raw-material countries, which will see before long many of the markets for their export articles close and their prices tumble. The wartime price inflation in the gold-receiving countries is due only in part to monetary expansion, since the gold itself is largely "sterilized" by official or private hoarding. It is due largely to the shortage of capital goods and other commodities not produced at home and not available from abroad.

Shortly, in future as in the past, the gold standard will operate in the sense that the countries which retain it in whatever form—will find themselves "back to normal"; the automatic reversal of the process which disrupted the equilibrium will bring their monetary volumes and internal price levels back to a position determined by the natural operation of market forces, without major interference by governmental management.

Fiat Money

A fundamentally different situation prevails in the belligerent countries proper which indulge in (governmental) "paper" inflation. The trouble with fiat money is that it is not self-liquidating. Whether short-term Government bond, long-term paper with directly or indirectly guaranteed cash conversion, deposit created by the sale of bonds to a bank, or legal currency itself—fiat money stays with us. It cannot flow out of the country in a permanent fashion since it is not legal tender abroad. Nor are foreigners likely to invest to any major extent in the bonds of a country which is on the verge of inflation, or beyond. It makes no difference who owns the money or that it is hoarded at the time. It stays for good.

True, the release of the productive forces and the reopening of the channels of international trade might bring about a correction of prices, or at least their "stabilization," notwithstanding the inflated volume of fiat money. But this is only operative for longer than a matter of weeks under two conditions: if and so far as the source of more fiat money is stopped—the budget is balanced; and if the velocity of circulation of the already existing volume does not rise substantially—the pent-up liquid reserves are not disbursed. The point is that none of these conditions materializes automatically, without incisive and painful governmental action.

The worst of it is that balancing the budget alone doesn't help unless the accumulated cash holdings are kept from being spent in a hurry. And vice versa: no control of those hoards can be successful which is not combined with an effective program of budget stabilization. The recent Belgian experiment offers an excellent example for the necessity of two coordinated deflations—not just one.

The Belgian Experiment

In Belgium the total of notes and deposits in the hands of the public more than trebled since 1940: from 65 to 185 billion francs, not counting the unknown amount of outstanding short-term bonds. Promptly upon liberation the Government adopted two freezing measures, in addition to the usual price control and rationing. Paper money of 100 francs (equal to $2.20) and of larger denominations was taken out of circulation. As to bank balances, all but 10% of their amount on May 9, 1940, has been blocked. This frozen volume of deposits is in turn divided into two parts: 40% to be "freed progressively," the rest to be "blocked." In practice, every deposit beyond a small amount has become frozen either temporarily or for good. All told, the monetary volume is reduced to about **one-tenth** of its size!

These are indeed the two effective ways by which to cope with a pent-up inflation: by freezing the excessive amount of money and/or confiscating it. The result of the Belgian experiment is not reassuring.

The international press is filled with guesses as to why the Belgian deflation doesn't work. The truth is that it is too sharp on the one hand, and insufficient on the other. It deflates the outstanding currency volume but at the same time it permits new inflation, since the budgetary balance is not restored. It is no use to deflate a currency unless the budget is deflated too. That should be obvious, and has been demonstrated in all previous fiat-money stabilizations.

The Real Problem

In Belgium, as elsewhere, the problem is to cut both heads of the inflation-hydra at once: to balance the budget and to freeze or eliminate the excess purchasing power already distributed. Both are very unpopular processes, especially so in countries which seem set on a policy of public spending. Spending is necessary everywhere for reconstruction and rehabilitation; to take care of the victims of aggression; to rearm or continue arming; to quiet down revolutionary spirits, and to carry out socialistic reforms. (These are the same reasons for which the German money press worked overtime after the last war.) Effectively deflating the existing volume of money interferes with the ability of the Government to raise tax revenues and to sell bonds to the public, and also reduces private expenditures, of course, thus causing widespread unemployment. Balancing the budget eliminates the possibility of large-scale armaments as well as of major socialist reforms, and has all-round deflationary effects, too. The easy way out is to compromise and go along, hoping for external help and for miracles.

Two Post-Wars Compared

All these are a duplication of the problems one had to cope with after the last war. But there is a world of difference between the two periods. To begin with, the quantitative differences are staggering. Compare the $24 billion rise in the American debt in World War I with the prospective $250 billion rise in this war. The difference is not quite as fantastic in most other countries, but it is substantial enough everywhere. Needless to say, that everywhere the monetary volume increased almost exactly as the national debt has risen.

Then there is this difference: World War I hit Europe in a clean condition, so to speak. Except for France and Russia, there were no national debts to speak of; all monetary systems were strongly entrenched in the international gold standard. In this war almost every belligerent started on a very substantial national debt, and most of them were from the outset on inflated managed paper currencies with shaky gold foundations.

Another important difference is that the world entered the previous war with no income tax in most countries and very low rates of taxation in all of them. England had the highest income tax in 1914; it amounted to 10% in the highest bracket. Even after the war, taxes were still "reasonable," so much so that they could be raised substantially before the second world war started. By this time all tax sources are tapped almost to the limit in all actively belligerent countries. There are few "tax reserves" left on which to draw for currency stabilization; indeed, tax reduction is the ideological order of the day practically everywhere.

A further change between the two post-war pictures is due to the doubtful blessing of effective price controls developed in many countries. As a result, each monetary unit will have a far greater purchasing power after this war than it would have had otherwise. The longer prices are held down, the greater the upward jump they make once the dams break, unless deflationary measures keep the latter from breaking.

But it will be much more difficult to resort to effective deflationary measures than it was after the last war. Except for Russia and Germany, Europe of the 1920's believed that its problems would be solved by the restoration of an unhampered capitalistic system. It was a world willing to take the punishment of temporary unemployment and to carry the burden of budget stabilizations, cost what they may. At present, Europe has arrived just about at the psychological stage at which Germany found herself around 1920, when she was sold on the idea of full employment, minimum wages, and guaranteed annual earnings, cost what they may, believing in a money managed by the central bank and in an economy planned by bureaucrats. That's why Weimar Germany was not able to stabilize, with or without reparations, and even sharp tax measures could not have done more than to slow down the runaway process. She had to go through the wringer because her political machinery was set on the theory of full employment and of "security" provided by government It is the same theory that sweeps now all of Europe.

Confusing the Confusion

Untenable monetary situations are made unmanageable by chaotic psychological and political conditions. They are further confused by a number of complications. One is the virtually inextricable maze of problems created by the reshuffling of property rights in the course of enemy occupations, emergency legislations and other arbitrary interferences.

But far more important are the complications brought into the European picture by the fact that without exception, so far as we know, the belligerents face unfavorable balances of payments after the war. Even agricultural countries, which usually enjoy an export surplus, are now in this category, due to the reduction of their productive capacities, the necessity of reconstruction and inventory replacements, the loss of export markets, etc. Very few have gold or other internationally marketable reserves left to match their import surpluses, and they must try to hold on to their last reserves.

This has a further and most embarrassing consequence. A country with an unfavorable balance of payment, and with reduced liquid reserves, is unable to give credits to others (unless by borrowing elsewhere). After the last war Germany was eliminated as a creditor nation. After this one Britain, Holland, France, Belgium and Denmark will be eliminated too. Europe is left with Switzerland, and possibly Sweden, as the only countries with a net surplus in their exports, and with sufficiently saturated internal capital markets to permit them the luxury of capital exports—provided that there will be risks worth taking at the prevalent rates of interest. Less lenders and more would-be borrowers, reduced willingness to risk and impaired ability to borrow, add up to paralyzing the intra-European flow of capital, once the economic lifeblood of the Continent.

The Still-born Bretton Woods Agreements

Too much of it had dried up already after the last war; nothing short of a 100% substitute will suffice after this one. Of course, there is only one major source from which the substitution might come. But will it come, when, in what quantities, and under what conditions?

As things stand now, the Bretton Woods agreements can be safely pronounced dead even before they have been discussed by the respective legislatures. Even if enacted, they will amount to subsidiary measures, at best. In the first place, their mechanism is much too slow; it wouldn't start operating until some time after the war; meanwhile Europe's problems multiply and intensify themselves. In addition, the benefits of those agreements would accrue only to countries which have succeeded in bringing about at least a nominal stabilization of their exchanges. It's like offering the help of the fire brigade under the conditions that the fire had been brought under control.

Substituting for the Substitute

Small wonder that the European press takes a nonchalant attitude toward Bretton Woods. The latest slogan is that there are more urgent things on the agenda. There are, indeed, and as they become increasingly urgent the attractiveness of Bretton Woods will continue to decline because it will become increasingly obvious that the total amount offered, up to 6 billion in American dollars, is "a drop in the bucket." The worst of it is, from the European angle, that America doesn't seem in the mood to finance wholesale industrial nationalizations and other revolutionary developments. For the duration, lend-lease substitutes for American credits, which in turn are the substitute for the intra-European capital flow of the past.

What comes after lend-lease cannot be boiled down in advance to a simple and single pattern. But outright cancellation of all war debts, of lend-lease obligations and wartime balances, etc., is a practical certainty. Cash balances and gold deposits owed by one allied country to a smaller ally, such as Britain to France, or France to Belgium, will be exempted. It is axiomatic that the active belligerents (excepting U. S. A. and Canada) cannot start fresh without eliminating the bulk of their external obligations.

Such is, of course, the first step only, to be followed (presumably) by the revocation of the Johnson Act and the reopening of American capital exports, public and private, on a scale doubling and tripling the credit flow of the 1920's. However, the bridge paved with American gold can span the difficulties created by a worldwide financial upheaval only if it is supported by the pillars of monetary stabilization in each individual country. That, in turn, presupposes new exchange rates and new budgetary policies—realistic policy to stop inflations and to avoid the pitfalls of forced deflations.

Aircraft Shares On Market

F. Eberstadt & Co. offered on Dec. 20 75,000 shares of cumuative convertible preferred stock and 33,600 shares of common stock of the Aeronca Aircraft Corp. The preferred stock, which pays 55 cents a share, is priced at $10, plus accrued dividends, and the common stock is offered at $5 a share. All the preferred shares and 25,000 common shares represent new financing by the company, the other 8,600 common shares being sold by a stockholder.

Net proceeds of about $732,000 to be received by the company will be added initially to working capital and subsequently may be used for plant expansion.

Incorporated in 1928, Aeronca Aircraft was at the outbreak of the war one of the largest manufacturers of light airplanes for personal use. Since 1942 its facilities have been devoted to war production.

Adjusted to reflect the present financing, the company's capitalization will consist of 75,000 shares of preferred stock and 157,363 shares of common stock.

Now Dittmar & Co.

SAN ANTONIO, TEXAS.—The firm name of Mahan, Dittmar & Co., South Texas Bank Building, has been changed to Dittmar & Co. Officers are Elmer A. Dittmar, President; John D. Williamson and Harold S. Stewart, Vice-Presidents; Reuben W. Ackermann, Secretary and Treasurer, and L. Hislop, Assistant Secretary and Assistant Treasurer.

De Coppet & Doremus to Admit E. Vail Stebbins

De Coppet & Doremus, 52 Broadway, New York City, members of the New York Stock Exchange, will admit E. Vail Stebbins to special partnership in the firm as of January 1st.

Calendar Of New Security Flotations

OFFERINGS

AERONCA AIRCRAFT CORP. has filed a registration statement for 75,000 shares of 55-cent cumulative convertible preferred stock (par $1), and 33,600 shares of common (par $1). Of the common stock to be offered, 25,000 shares are for account of the company and 8,600 shares for the account of a stockholder. Proceeds will be used to increase company's working capital. The 8,600 shares being sold by a stockholder are owned by Carl I. Friedlander who will receive the proceeds. F. Eberstadt & Co., New York, is principal underwriter. Filed Oct. 21, 1944. Details in "Chronicle," Oct. 26, 1944.

Offered Dec. 20, 1944, the preferred stock at $10 per share and the common at $5 per share.

AMERICAN HOME PRODUCTS CORP. has filed a registration statement for 98,535 shares of capital stock, par $1 per share. Holders of capital stock of record at the close of business Dec. 15 are given rights to subscribe to the new stock at the rate of one share for each ten shares held at $59 a share. Rights expire at close of business Jan. 2. The unsubscribed stock will be offered to the public by the underwriters. Net proceeds will be added to the general corporate funds of the company. Hornblower & Weeks, New York, head the underwriting group. Filed Nov. 25, 1944. Details in "Chronicle," Nov. 30, 1944.

DEERFIELD PACKING CORP. has filed a registration statement for $1,250,000 first mortgage sinking fund bonds due Dec. 1, 1956. Company will use proceeds together with treasury funds to the extent necessary, to redeem at 103½ and accrued interest, the outstanding $1,250,000 first mortgage 5% sinking fund bonds due Dec. 1, 1954. The underwriting group is headed by Central Republic Co., Inc., Chicago, and E. H. Rollins & Sons, Inc., New York. Filed Nov. 30, 1944. Details in "Chronicle," Dec. 7, 1944.

Ofefred Dec. 19 at 100 and interest.

GENERAL SHOE CORP. has filed a registration statement for $5,000,000 15-year 3% sinking fund debentures, due Dec. 1, 1959. Of the net proceeds, $2,073,062, exclusive of accrued interest, will be used to retire company's outstanding 15-year 3¼% sinking fund debentures, due Dec. 1, 1956. The balance will not be allotted to any specific purpose and will be added to the company's general funds. Smith, Barney & Co., Equitable Securities Corp. and Alfred D. Sharp & Co. are principal underwriters. Filed Dec. 4, 1944. Details in "Chronicle," Dec. 14, 1944.

Offered Dec. 19 at 102 and interest.

SOSS MANUFACTURING CO. has filed a registration statement for 98,772 shares of common stock (par $1). The shares are issued and outstanding and are being sold by certain stockholders. Of the 98,772 shares registered, 83,772 shares are to be offered to the public and an aggregate of 15,000 shares are to be sold to Charles J. Soss, Henry Soss and Samuel Soss, the purchasers being President, Vice President and Treasurer and Vice President and Secretary, respectively. The underwriting group is headed by Ames, Emerich & Co., Inc., Chicago. Filed Nov. 29, 1944. Details in "Chronicle," Dec. 7, 1944.

Offered Dec. 19 at $8⅜ per share.

THOMPSON PRODUCTS, INC. has filed a registration statement for 60,000 shares of common stock, without par value. All of the net proceeds will be added to the company's funds available for general corporate purposes. Smith, Barney & Co., New York, and McDonald & Co., Cleveland, head the underwriting group. Filed Dec. 5, 1944. Details in "Chronicle," Dec. 14, 1944.

Offered Dec. 19 at $47.50 per share.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

MONDAY, DEC. 25

AMERICAN PHENOLIC CORP. has filed a registration statement for $1,500,000 5% 15-year convertible sinking fund debentures due in 1959 and 345,000 shares of common, par $1 per share. The common stock is issued and outstanding and does not represent new financing by the company. Debentures are to be offered at 100. The common stock which will be sold for the acount of Arthur J. Schmitt, President and Director, is to be offered at $10 a share. Company will use its part of proceeds for working capital. Van Alstyne, Noel & Co. are named principal underwriters. Filed Dec. 6, 1944. Details in "Chronicle," Dec. 14, 1944.

TUESDAY, DEC. 26

OHIO WATER SERVICE CO. has filed a registration statement for 80,880 shares of common stock, par $10. The shares are now outstanding and are being sold by Federal Water & Gas Corp. The shares registered constituting approximately 66.53% of the outstanding stock of the company, are owned by Federal Water & Gas Corp. which will receive the entire proceeds from the sale. On Feb. 10, 1943, the Securities and Exchange Commission ordered Federal to divest itself of its interest in Ohio, and Ohio stated in its registration statement it is informed that Federal is selling the stock in order to comply with that order. Otis & Co. are principal underwriters. Filed Dec. 7, 1944. Details in "Chronicle," Dec. 14, 1944.

MONDAY, JAN. 1

BUTLER BROTHERS has filed a registration statement for 100,000 shares of cumulative preferred stock, 4½% series, par $100.

Address—Randolph and Canal Streets, Chicago.

Business—National distribution of broad lines of medium priced, popular demand variety goods, dry goods and general merchandise.

Offering—Price to the public will be filed by amendment.

Proceeds—Of the proceeds $8,398,272 to redeem in February, 1945, at $31 per share, all of the outstanding shares of convertible preferred stock of the company. Any remaining funds will be added to gen- [illegible] as an addition to current working capital.

Underwriting—Harriman Ripley & Co., Inc., heads the group, with others to be named by amendment.

Registration Statement No. 2-5545. Form S-1. (12-13-1944).

TUESDAY, JAN. 2

EDWARD G. BUDD MANUFACTURING CO. has filed a registration statement for 297,500 shares of common stock, (no par).

Address—2450 Hunting Park Avenue, Philadelphia, Pa.

Business—Before conversion to war work the company was engaged principally in the manufacture and sale of bodies and parts for automobiles, trucks and truck trailers, etc.; manufacture of lightweight stainless steel passenger cars, etc.

Underwriting—None named.

Offering—The shares registered are to cover options which were issued by the company on Jan. 3, 1944, to 163 of its administrative and executive officers and employees to subscribe to an aggregate of 299,500 shares of common stock, the options varying from 300 to 58,440 shares. The options are exercisable while the holder is in the employ of the company at any time after the holder has completed a full year of continuous and satisfactory employment from Jan. 3, 1944.

The options are exercisable at $7.50 per share, being 125% of the market price of the stock on Jan. 3, 1944 as evidenced by the last sale of the stock on the New York Stock Exchange on that day. Options are good for five years from Jan. 3, 1944. Since the issuance of the options two persons holding options to subscribe to 2,000 shares have resigned from the employ of the company and forfeited their options.

Names of persons who hold options to purchase 15,000 shares or more are given as follows: Donald Alexander, Director and Vice President, 21,690; Edward G. Budd, Director and President, 58,440 shares; Edward G. Budd, Jr., Director and Executive Vice President, 22,890; Halton A. Coward, Director and Secretary, 21,690, and Paul Zens, Director and Treasurer, 21,690.

Proceeds—Statement said since the amount of the proceeds, if any, to be received by the company on the options cannot be ascertained until all the options granted have been exercised or expired, it is impossible to determine to what use the proceeds will be applied. The proceeds, if any, will be credited to stated capital applicable to common stock.

Registration Statement No. 2-5546. Form S-1. (12-14-1946).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund notes, due 1954. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. To be offered mainly to people in the Alva, Okla., community who are interested in construction of the grain elevator. Filed Aug. 8, 1944.

ARKANSAS-MISSOURI POWER CORP. has filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974. Proceeds together with general funds of the company to the extent required, will be used to redeem, at 105, of $2,350,000 first mortgage bonds, series A, 4%, due June 1, 1965, of the company. The bonds will be offered for sale at competitive bidding. Filed Dec. 4, 1944. Details in "Chronicle," Dec. 7, 1944.

CAPITAL TRANSIT CO. has filed a registration statement for $12,500,000 first and refunding mortgage bonds, series A, 4% due Dec. 1, 1964. The net proceeds from the sale of the bonds and from a $2,500,000 bank loan with treasury cash will be used for refunding purposes and to make payments on account of equipment purchases, etc. Filed Nov. 10, 1944. Details in "Chronicle," Nov. 16, 1944.

Issue awarded Dec. 18 to a banking group headed by Alex. Brown & Sons at 97½.

COASTAL TERMINALS, INC. has filed a registration statement for 25,000 shares of common stock (par $10). Proceeds will be used for the acquisition of land, equipment and for working capital. Price to public $10 per share. Not underwritten. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

THE EUGENE FREEMAN CO. has filed a registration statement for $300,000 trade acceptances. Proceeds will be applied to organization expenses, acquisition of motor trucks, real estate, buildings, machinery, etc. Filed Sept. 13, 1944. Details in "Chronicle," Sept. 21, 1944.

Registration statement withdrawn Nov. 15, 1944.

EXCLSS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock. Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GERMANTOWN FIRE INSURANCE CO has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

LINCOLN PARK INDUSTRIES, INC., has filed a registration statement for $250,000 6% ten-year debentures maturing Nov. 1, 1954. Debentures to be offered directly by the company at par and interest. Not underwritten. Proceeds for additional working capital. Filed Sept. 27 1944. Details in "Chronicle," Oct. 5, 1944

MONOGRAM PICTURES CORP. has filed a registration statement for 100,000 shares of 5½% cumulative convertible preferred stock, par $10. Proceeds will be added to working capital. Company stated its present intention is to use such additional working capital for the reduction of current liabilities by approximately $300,000 and the balance in the production of its motion pictures. Emanuel & Co., New York, heads the list of underwriters. Filed Dec. 1, 1944. Details in "Chronicle," Dec. 7, 1944.

MOORE WINDSOR CORP. has filed a registration statement for 100,000 shares of 12½ cent cumulative dividend and participating preferred stock, par $1 per share. The net proceeds of approximately $200,000 will be used for working capital and expansion of the company's business. W. H. Cobb & Co., Inc., New York, is named principal underwriter. Offering price to the public $2.50 per share. Filed Nov. 10, 1944. Details in "Chronicle," Nov. 16, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

TIDE WATER POWER CO. has filed a registration statement for $4,500,000 first mortgage bonds series due Nov. 1, 1975, and $1,000,000 sinking fund debentures, due 1955 are to be offered for sale at competitive bidding. Amendment filed Dec. 9, 1944. Details of original filing in "Chronicle," Oct. 12, 1944.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

The current situation in Central Iron and Steel also appears interesting, according to a bulletin just issued by Lerner & Co. Copies of this may be had for the asking.

de Simone Now With Security Adjustment

BROOKLYN, N. Y.—Security Adjustment Corporation, 16 Court Street, announces that G. T. de Simone has been appointed manager of the Trading Dept. He was formerly with the Bethlehem Steel Corp. of Brooklyn and also the Express Exchange.

Interstate Aircraft & Eng. Appears Attractive

Interstate Aircraft & Eng. Co. offers an interesting situation according to a circular being distributed by Hirsch, Lilienthal & Co. 25 Broad Street, New York City members of the New York Stock Exchange and other exchanges. Copies of this circular may be had from the firm upon request.

Billings, Olcott & Co. To Admit G. H. Coster

Gerard H. Coster will be admitted to partnership in Billings Olcott & Co., 26 Broadway, New York City, members of the New York Stock Exchange. In the past Mr. Coster was associated with Cassatt & Co.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum of the Sept. 30, 1944, statement of the bank, which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Rails vs. Industrials

Copies of an address by Patrick D. McGinnis "Post-War Railroads vs. Industrials" have been prepared for distribution by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies may be had from Pflugfelder, Bampton & Rust upon written request.

What's Ahead for the Railroads?

(Continued from page 2729)

have an equal chance to haul that traffic for which they are inherently best suited.

So it is that there are two distinct parts to the answer to the question, "What's ahead for the railroads?" So far as the railroad, the physical thing itself, is concerned, there will continue to be railroads in this country because only on the unique surface of tracks is it possible to perform at low cost the all-year, all-season, all-round transportation service which American industry and commerce require.

But as to the business side of railroading, that is, their place in the enterprise way of doing business, it is not possible to be so sure. As the events of the past five years have again proved, the railroads are enterprising, progressive, competent—but it may be that even these qualities, plus the efficiency inherent in the rail method of moving persons and things in trains of cars on tracks, will not be sufficient to secure success for a business which must live and do its work on a self-supporting, tax-paying basis, in a field of endeavor where the uncompensated expenditure of taxpayers' money in the name of "cheap transportation" obscures true costs and distorts competitive positions. Truly, the railroads stand on the very frontier of the enterprise system, in that debatable land between business enterprise and governmental activity where the real uncertainties of the future lie.

Future Optimistic

The future of Baltimore & Ohio and its securities appears optimistic, according to a memorandum on the situation issued by Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange. Copies of this memorandum and details of the ICC report on high-class passenger market may be had from Vilas & Hickey on request.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

Buffalo Bolt Looks Good

Buffalo Bolt offers an interesting situation according to an analysis prepared by Link, Gorman & Co., 208 South La Salle Street, Chicago, Ill. Copies of this analysis may be obtained from the firm upon request.

Bacon, Whipple & Co. To Admit E. F. Hartshorne

CHICAGO, ILL.—Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Chicago Stock Exchanges, will admit Ernest F. Hartshorne to partnership as of Jan. 1.

To Form Liberman & Stone

Herman N. Liberman and Samuel Stone, both members of the New York Stock Exchange, will form the partnership of Liberman & Stone, effective Jan. 1, 1945, with offices at 111 Broadway. Partners have been active as individual floor brokers.

Situation Looks Good

Wellman Engineering Company offers interesting possibilities according to a circular issued by Wm. J. Mericka & Co., Inc., 29 Broadway, New York City, members of the Cleveland Stock Exchange. Copies of this circular may be had from the firm upon request.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A"; Merchants Distilling; General Instrument; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scoville Mfg.; Bird & Sons; Cons. Cement "A"; Riley Stoker; Alabama Mills, Inc.; American Hardware, and H. & B. American Machine.

Situations of Interest

Preferred and common stock of U. S. Finishing and United Piece Dye offer interesting situations, according to circulars just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these circulars may be had from the firm upon request.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE JR.

There were two distinct trends in the movement of prices in the government bond market during the Sixth War Loan Drive, which ended last Saturday. . . . These price movements were marked by (a) the narrow and minor changes that took place in the taxable issues and (b) the wide gyrations that the partially exempt issues went through and the substantial gains that were registered in certain maturities. . . .

The taxable issues callable from 1948 through March, 1956, were a few thirty-seconds lower, at the finish of the drive, with the largest decline only three thirty-seconds. . . . The longer term taxables retirable from September, 1956 to 1967 ended the period on the plus side, with the 1967/72 maturity showing the largest gain. . . . The 2% due 6/15/52/54, which are only six monthe shorter in maturity than the new 2% offered in the drive were very stable. . . . It had been expected that this issue would be exchanged by some institutions for the new 2% bond, and this would have a tendency to depress the price of the 2% due 6-15-52/54.

Although there was some selling in the June 2s of 1952/54, they were well taken and closed at 100 13/32, the same price they were met at, when the drive opened.

The prices of the taxable issues at the beginning and the end of the Sixth War Loan, as well as price changes, are as follows:

Issue—	Maturity	Closing 11-20-1944	Closing 12-16-1944	Price Changes in 32nds
2%	3-15-1948-50	101.31	101.28	—3
1¾	6-15-1948	101.11	101.8	—3
2	6-15-1949-51	101.25 +	101.24 +	—1
2	9-15-1949-51	101.22	101.23	+1
2	12-15-1949-51	101.21	101.20	—1
2	3-15-1950-52	101.15 +	101.15	— 1/64
2	9-15-1950-52	101.7 +	101.7	— 1/64
2	9-15-1951-53	100.22 +	100.23	+ 1/64
2	12-15-1951-55	100.24	100.24	--
2½	3-15-1952-54	103.29	103.27	—2
2	6-15-1952-54	100.13	100.13	--
2¼	6-15-1952-55	102.4	102.2	—2
2½	3-15-1956-58	103.24	103.21	—3
2¼	9-15-1956-59	100.17	100.19	+2
2½	6-15-1962-67	100.18	100.19	+1
2½	12-15-1963-68	100.6	100.8	+2
2½	6-15-1964-69	100.2	100.4	+2
2½	12-15-1964-69	100.2	100.4	+2
2½	3-15-1965-70	100.2	100.4	+2
2½	9-15-1967-72	100.14	100.20	+6

PARTIAL EXEMPTS ERRATIC

The partially exempt obligations were subjected to wide price movements during the drive. . . . The first week and one-half of the Sixth War Loan, showed all sections of this group under pressure, although it is indicated that amount of these securities available for sale was not large at any time during the drive. . . . Near the end of the second week of the drive, the intermediate and long term partially exempts moved up and this trend continued through Dec. 16, the last day of the Sixth War Loan. . . .

The short term issues were liquidated throughout the drive and were the only partiallly exempts to show declines. . . .

It was reported that these securities were sold by institutions that reinvested the proceeds in the middle and long term partially exempt bonds. . . . All of the partially exempt securities callable after 1948 registered gains, with very substantial improvement being shown in the issues retireable from December, 1949, through 1954. . . . The 2¼% due 12/15/51/53 showed the largest gains with an increase of 22/32. . . .

The middle term maturities of the partially exempt obligations were liquidated during the early part of the drive, and declined sharply due to selling by institutions, that did not need tax exemption and switching into the longer term issues. . . . This resulted in the intermediate term issues getting out of line price-wise with the other partially-exempts. . . .

Later in the drive a sharp rally took place which carried some of these middle term maturities close to, if not to their tops for the year. . . .

The long term issues from the 2⅞% on were more stable since these obligations had the support of institutions that were reinvesting the proceeds from the sale of other issues, in these bonds, as well as new purchases that were being made for tax purposes as well as income. . . .

HOW PARTIAL EXEMPTS FARED

The following table shows the prices of the partially exempt issues at the start and the finish of the Sixth War Loan, together with price changes:

Issue—	Maturity	Closing 11-20-1944	Closing 12-16-1944	Price Changes in 32nds
2¾%	9-15-1945-47	101.27	101.20	— 7
2½	12-15-1945	102.5	101.30	— 7
3¾	3-15-1949-56	103.31	103.27	— 4
3	6-15-1946-48	103.17	103.15	— 2
3⅛	6-15-1946-49	103.23	103.21	— 2
4¼	10-15-1947-52	109.23	109.20	— 3
2	12-15-1947	103.19	103.19	--
2¾	3-15-1948-51	105.27	105.30	+ 3
2½	9-15-1948	105.27	105.29	+ 2
2	12-15-1948-50	104.7	104.9	+ 2
3⅛	12-15-1949-52	109.26	109.28	+ 2
2½	12-15-1949-53	106.15	106.28	+13
2½	9-15-1950-52	106.31	107.11	+12
2¾	6-15-1951-54	108.25	109.9	+16
3	9-15-1951-55	110.11	110.24	+13
2¼	12-15-1951-53	106.6	106.28	+22
2	6-15-1953-55	105.5	105.18	+13
2¼	6-15-1954-56	106.30	107.15	+16
2⅞	3-15-1955-60	112.4	112.11	+ 7
2¾	9-15-1956-59	111.20	111.28	+ 8
2¾	6-15-1958-63	111.19	111.27	+ 8
2¾	12-15-1960-65	111.26	112.4	+10

INSTITUTIONS ACTIVE BUYERS

Many institutions, it is indicated, have decided what the excess profits tax exemption, obtainable through the partially exempt securities, is worth to them, and during the drive picked up many of these issues. . . . It is quite generally believed now that excess profits taxes will be with us until at least the middle of 1946 and may even go through the entire year 1946. . . .

Likewise during the drive it was realized that the war would probably last longer than had been anticipated in some quarters and this definitely means no change in taxes for a longer period of time. . . .

Also it is becoming more apparent that future taxes must be high enough not only to balance the budget but also to provide for debt retirement if finances of the nation are to remain sound. . . .

VOLUME DIMINISHING

The partially exempt issues are being reduced at a rapid rate. . . . At the same time the ratio of these obligations to the total debt is declining, since all the government financing, that is being done, is entirely through taxable securities. . . . There appears to be little doubt that the tax exemption which the partially exempt issues have, will remain until these obligations are retired. . . .

Because of these conclusions, it is not surprising that a substantial demand has come into the market for the partially exempt obligations, many of which were obtained at favorable prices during the Sixth War Loan Drive. . . .

From the standpoint of yield after taxes, the last two maturities of the partially exempts give a better return than is available in comparable maturities of the taxable issues. . . . Accordingly, the 2¾% due 1958/63 and the 2¾% due 1960/65 are considered especially attractive for such purposes, and it is reported that these bonds are being bought by institutions that need them for tax reasons.

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The Commercial and
FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 160 Number 4344 New York, N. Y., Thursday, December 21, 1944 Price 60 Cents a Copy

The Financial Situation

One of the first official acts of Secretary of State Stettinius was to make a statement which was widely interpreted as criticism of the British policy towards certain liberated or conquered European peoples. Within a few days the situation in "liberated" Greece took a turn which is said to have shocked official Washington—and certainly has caused considerable stir among the rank and file of this country and apparently also in Great Britain. Then last week followed the Churchill revelation of the Russian and British attitude toward Poland—that bedeviled country on whose account ostensibly at any rate Britain went to war in 1939. Again many naive minds in this country are fearfully "shocked" at the picture thus set before their eyes.

Political Shock

Apparently Mr. Churchill's address to the Commons was just about what was needed to set recent events in the Baltic states, Poland and Greece out in a light to arouse many elements in the British and the American populations. At any rate, what he had to say coming on top of the events to which they in part relate obviously placed President Roosevelt in a politically embarrassing position—whatever it may have done to relieve the political pressure under which Mr. Churchill has been laboring. Strangely enough, some observers both in this country and across the Atlantic who have not been more than mildly concerned about the fate of Finland or of Poland now hold up their hands in holy horror at what seems to them to be happening to the Greeks. There seem to be a good many, who are unable to understand how it came to pass that Mr. Stalin in some sections

(Continued on page 2740)

Road to Jobs Is Via the American Way of Free Enterprise

There are some disciples of gloom among the economists who forecast a bleak and depressing future for our country and for the world. They **may** be right, but I don't think so. Some of them just do not seem to understand how fast we work.

H. S. Firestone, Jr.

Our enemies grossly underestimated our ability to convert our plants from peace-time products to war materials. And I believe these pessimists are underestimating the speed with which we will reconvert our facilities. Furthermore, I believe they are underestimating the rapidity with which Americans accept new products and new ideas.

In other words, I feel that many of our economists do not realize the mass enthusiasm of the American people and the foresight and skill of American industry. They are too willing to leave the task of providing jobs to government. They advocate changing the economic system of the United States to a combination of fascist and communist practices in an effort to avert what they regard as inevitable catstrophe. But let me remind **you** and **them** that government alone did not give this country the highest standard of living the world has ever known. Government alone did not make the United States the greatest industrial nation on earth. By and large, private enterprise did these things and will continue to do them if it is free to carry on.

That is what we call the American way of life, the same way of life that has attracted to our shores millions of people from other lands. Do we want to change that way of life? Certainly not unless there is a better one. And if there is a better one, I have not heard about it.

No, the grass is NOT greener in the other fellow's field.

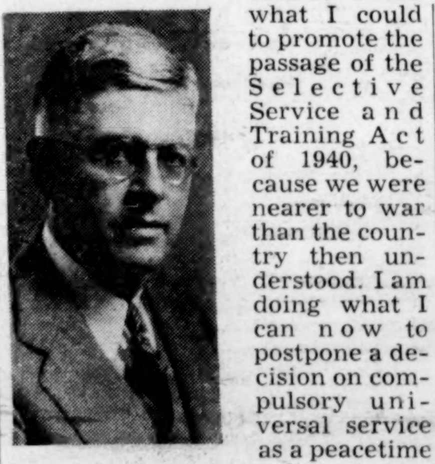
The problems of the future will challenge all of the ingenuity of American industry. But since when have **we** been afraid of a challenge? Are we going to pass the buck by dumping our troubles into the lap of government or shall we recognize and anticipate the dangers ahead and plan now to meet them? If we are to have the high level of employment, which alone can assure stability and prosperity after victory, it will be because business, operating in a favorable atmosphere, takes the necessary steps to provide this employment. A **big** job to do. Let's **do** it and let's start **now!**—Harvey S. Firestone, Jr., President, The Firestone Tire and Rubber Company before the Economic Club of New York, Dec. 5, 1944.

Compulsory Universal Military Training

By HAROLD W. DODDS*

President of Princeton University

Leading Educator Cautions Against Adopting Peacetime Compulsory Military Training Until We Know the Nature of the Peace. Points Out That Universal Training Is Not Essential to Preparedness and That It is Equally Important to Have Adequate Industrial and Technical Training for the Purpose, and If This Regimentation is Made Compulsory It Will Have Grave Effects Upon Our System of Private Enterprise. Stresses the Value of Scientific and Engineering Research as a Means of Defense and Deprecates the Use of Military Training for Health and Educational Purposes.



Dr. Harold W. Dodds

My position is that there are still too many unpredictables—too many deuces-wild in the deck—to permit a reasoned decision at this time. I did what I could to promote the passage of the Selective Service and Training Act of 1940, because we were nearer to war than the country then understood. I am doing what I can now to postpone a decision on compulsory universal service as a peacetime policy, in order that the decision when made will be on the basis of realities which will exist after the war. I believe that certain popular arguments for universal service will not hold water, and that others need much deeper exploration than they have yet received. I therefore favor delay. I readily admit, however, that post-war conditions may require it.

Throughout, let us remember that the proposal is for **universal compulsory** training. Each of these adjectives, and particularly the adjective "compulsory," introduces new elements into public service in a democracy in peacetime, elements that will have wide and unpredictable repercussions on our democratic attitudes. If I were either a communist or a national socialist, I should heartily approve the most extensive, all-embracing compulsory service legislation that would have any chance of adoption When all the implications are considered, such a measure would represent a long step toward the realization of a planned society.

In all probability we shall require a considerable military force for a number of years, merely to dispose of the aftermath of the present war. In that case I should approve a continuance of the drafting of young men as long as may be necessary for the purpose.

The Difficult Balance Between Force and Law

But the proposal for universal training is not being put forward to complete the business of this war but to prepare for the next. It is none too early to begin to think about the next war.

It seems clear that if the United States is to be even reasonably secure in the predictable future and if our influence is to count for collective security and the reign of law, we must be willing and able to fight. If we are to have an influence for international law and order, as I think we can and should, we must maintain those conditions which will make our influence count. Unfortunately this will involve force. As a nation we face, therefore, the necessity of a difficult phychological balance between a readiness to maintain the degree of force required to make us influential in the cynical world of in-

(Continued on page 2741)

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*An address made by President Dodds before the Annual Convention of the Middle States Association of Colleges and Secondary Schools in New York City, Nov. 24, 1944.

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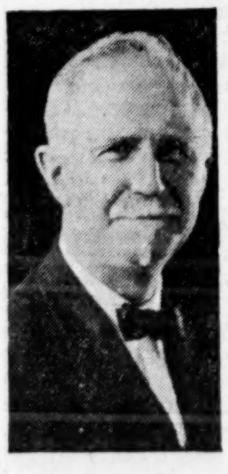
What About Government Bonds?

Babson Advises Investing in Other Things Also

BABSON PARK, MASS.—How can the huge post-war U. S. Government Debt be serviced? When the total annual expenses of the Government under President Coolidge (including Army, Navy, Pensions, Debt Interest, etc.) were only three billions, how can we now provide the money to pay interest alone of six billions?



Roger W. Babson

Increasing National Income

Prewar national income was about sixty billions. Our bankers state that Washington will provide the necessary money to pay interest on the $ 300,000,000,000 debt by doubling this national income. By increasing prices, land values, etc., this can perhaps be done; but I am not too sure. Certainly, inflation would be a dangerous way out.

Statisticians believe that all nations must make some readjustments in their huge debts after the War. They see no reason why the United States—if we want our share of foreign trade—should not do the same thing. If so, how may our debt be readjusted?

Government Ownership

Some day the banks, together with the railroads, public utilities and certain large corporations, may be taken over by the Government. This, however, will not happen until the next business depression. One step, however, we may expect any time. This will be to nationalize the twelve Federal Reserve Banks and thus save the Government the interest on bonds held by these Reserve Banks.

The Federal Government could also institute a 100% reserve policy and thus save the Government the interest on all Government Bonds held by the banks. This is now being advocated by the "London Economist." In fact, Geoffrey Crowther recently urged such a program before the Manchester (England) Statistical Society. This could be done, he

(Continued on page 2740)

The State of Trade

As dawn of another Christmas approaches, hope of an early cessation of the European conflict fades. In its place is left uncertainty and arrested plans for early reconversion to the ways of peace. This abrupt change has been dictated by the stern necessities of war. For the moment, the problem of finding jobs for returning servicemen and war workers has been placed in the background, leaving in its stead the task of getting former war workers back to their lathes and benches. There they are sorely needed to assist in the rising tempo of our expanding war production.

In order to expedite their early return, Selective Service has announced that it would resume induction of men in the higher-age brackets. Thus, men falling in this age category and not engaged in essential work will be eligible for military service.

Stiff resistance met in the invasion of Germany has shattered the wave of undue optimism reflected in high army circles and by Administration officials here at home as to the early termination of the war in Europe. This cocksure spirit has rendered a distinct disservice to our war effort, since the price American troops are now paying, in part due to the lack of necessary equipment, in their efforts to drive the enemy back beyond his own frontiers is being written in the blood of untold numbers of American youth.

Whether the present offensive launched by the Germans will be sustained or whether it will turn out to be the counterpart of Ludendorff's final effort in the spring of 1918, time alone will tell. As to its effect on post-war plans, they of necessity must await a more propitious moment.

The action taken by the WPB in freezing civilian output at present levels will hardly work toward a greater abundance of peace-time goods. Present estimates indicate that military requirements will continue to run heavy for some months to come. A perusal of the review of the steel industry below will afford the reader some indication of the future prospects of all industry pending the defeat of Germany.

With the year 1944 almost at an end, it is natural that we turn our eyes to the future in an effort to forsee what the New Year holds in store for each one of us. Discusisng 1945 business prospects in his annual address before the Cleveland Chamber of Commerce, Brig. Gen. Leonard P. Ayres, predicted that next year would bring more unemployment and labor disputes as the war approaches its climax, and reconversion to peace-time production increases. General Ayres also felt that national income payments to individuals next year will be definitely lower than those made this year.

This year and next will be the years of transition from a war-time economy to a peacetime economy, and a continued decline in volume of industrial production will occur with the average for 1945 being less than 90% as great as that this year, according to General Ayres. Other predictions were:

Continued increase in hourly straight-time wage rates of factory workers. Number of business failures will be definitely greater and continued tight regulation of interest rates, resulting in very little difference in rates.

Taking up the job situation, he said, in the transition period at least 20 million Americans must leave their present occupations and find other types of work. The two probable controlling factors, he said, that will determine the availability of new jobs in 1945 are: The attitude of the administration toward private enterprise after the European war ends and the reaction of business when it realizes the magnitude of the readjustment it faces.

In stressing the point that the country's most important single problem in the post-war period will be jobs for returning servicemen and workers turned out by munitions factories, he further stated:

"Self-sustaining jobs flow from successful combination of enterprise and capital. They involve the taking of risks by managements which assume these risks in the hope of making profits.

"Hence, it follows that the number of available jobs always largely depends on whether the political climate that is created by the national administration is hospitable or inhospitable toward business enterprise."

Business Activity in November—The Federal Reserve Board reporting on business activity in November revealed that the value of checks cashed in the month was 19.5% higher than in the same month last year. Total debits to deposit accounts of banks in 334 centers amounted to $77,706,000,000 in November, compared with $65,025,000,000 in November, 1943. For the previous three months the total was $221,960,000,000 or 7% above the $207,050,000,000 reported for the like three months of 1943.

Commodity Price Index—Commodity prices at the primary market level, according to the Bureau of Labor Statistics index remained unchanged at the highest level since the war began at 104.2% of the 1926 average during the week ended Dec. 9. Except for minor fluctuations in prices for agricultural products and higher prices for cigars, there was very little movement in commodity prices at the primary market level during the first week of December.

Business Failures Decline — Commercial and industrial failures in the week ending Dec. 7 dropped to less than half their number in the previous week and to only one-fourth their number a year ago. Dun & Bradstreet, Inc. reports 20 failures, the second lowest number on record, as compared with 26 in the prior week and 40 in the same week of 1943. The decline was sharp among both large and small failures but it was somewhat less marked among failures with liabilities of $5,000 or more. They fell from 19 a week ago to 8 in the week just ended while small failures dropped from 7 to 2.

All industry groups and all geographic regions showed a decrease in concerns failing. In construction, failures fell from 4 to none and in commercial service from 4 to 1. Other trade and industry groups reported failures at about half their number a week ago. Canadian failures, on the other hand, increased this week exceeding those in the previous week and in the corresponding week of last year. They numbered 4 against 1 in the prior week and 3 in 1943.

Steel Industry — The relatively balanced steel supply and demand which existed a few months ago when hopes were high of an early ending of the European war has been completely erased with the surge of orders, directives and inquiries involving rehabilitated or new war material programs. There was further indication the past week that despite a lessening in plate output, sheet demand is stronger, bar deliveries more extended and tentative programs for shell steel needs such as to cause a tightness in steel demand until Germany is definitely defeated, so states "The Iron Age" in its summary of the steel market in the issue of Dec. 14.

According to the magazine, it now appears that the output of shell steel covering all sizes has

(Continued on page 2745)

Treasury Silver Used In War Jobs

Treasury silver to the amount of 1,226,300,000 fine ounces has been put to work in a variety of war jobs since Pearl Harbor, Secretary of the Treasury Morgenthau said on Dec. 7. Most of the tasks assigned to this large quantity of metal have been under lease arrangements, the rest under lend-lease and outright sale, Mr. Morgenthau stated. He added:

"The Treasury early in 1942 launched a policy of directing all available silver into urgent war uses. Its legal staff, with the concurrence of the Attorney General and the approval of the President found authority for releasing 'free silver' holdings to war plants under lease contracts; a considerable amount of 'silver ordinary,' to which usual restrictions did not apply, was disposed of; further sale and leasing of silver was facilitated by new legislation.

"War-time silver transactions accomplished so far under the Treasury policy were summed up by Secretary Morgenthau as follows:

"Provided for non-consumptive uses in war plants under lease arrangements, 903,000,000 fine ounces.

"Supplied to various foreign governments under lend-lease for coinage purposes and other war uses, 243,700,000 fine ounces.

"Sold from 'silver ordinary' stock to industrial users certified by War Production Board, 5,000,000 fine ounces.

"Sold in accordance with WPB priorities under terms of the Act of July 12, 1943, commonly known as the 'Green Bill,' 41,000,000 fine ounces.

"Used as basis of new alloy developed by the Bureau of the Mint for coinage of war-time 'silver nickels,' 33,300,000 fine ounces.

"For many of these uses, copper previously had been required, and the substitution of silver released thousands of tons of copper for other vital war production needs. Development of the war-time 'silver nickels' using an alloy of silver lessened considerably the requirements of the Bureau of the Mint for both copper and nickel for coinage.

"Curtailment of Treasury purchases of silver also has contributed to the employment of the metal in war tasks. Practically all foreign silver received in this country since Pearl Harbor has gone into essential manufactures under WPB priorities. Domestically mined silver is made available in limited quantities under WPB control to non-essential industries, acquisitions of newly-mined domestic silver by the Treasury having been reduced to purely nominal quantities.

"Most of the Treasury silver distributed under lease to war plants has been fabricated into electrical conductors for intallation in aluminum and magnesium plants and other factories engaged in war work. Title to this silver remains in the Treasury. The uses to which it is put are 'non-consumptive,' and all of the metal will be returned to the Treasury after the termination of the war. This leasing arrangement was inaugurated in April, 1942, in cooperation with the Defense Plant Corporation. A small part of the silver turned over to the Defense Plant Corporation already has been returned to the Treasury with an 'honorable discharge' from its war duties.

"Far Eastern areas have benefited from the lend-leasing of silver to foreign governments. India, for example, received an allotment of 100,000,000 fine ounces. The Government of the Netherlands, among others, arranged with the Treasury for supplies of silver to be used in coinage. All the lend-lease contracts with foreign governments require return of the silver to the Treasury on an ounce-for-ounce basis after the war.

"Silver made available to war industries under the Act of July 12, 1943, is used for the production of engine bearings, brazing alloys and solders, by WPB orders. Sales of silver made under the authority of this Act are at the fixed price of 71.11 cents per fine ounce.

"Sale of a stock of 'silver ordinary' was made in the fall of 1942 to industries which were in urgent need of the metal for immediate war production uses. 'Silver ordinary' represents minor accumulations from such sources as purchases for coinage prior to the Silver Purchase Act, recoveries of bullion lost in melting and coining processes, and balances of silver in excess of amounts estimated to be contained in mutilated coin."

Conference on Banking Problems Arranged By Manufacturers Trust Co. of New York

Manufacturers Trust Company, New York, was host on Dec. 7 to about 200 bankers, representing its correspondents in the Second Federal Reserve District, for a one-day conference on current banking problems, that was held in the Grand Ballroom of the Hotel New Yorker. The guest speakers were Dr. E. A. Goldenweiser, Director of Research and Statistics, Board of Governors of the Federal Reserve System, who spoke on "Trend of Post-War Deposits and Government Financing," J. E. Drew, Deputy Manager of the American Bankers Association, who spoke on "Advertising and Publicity for Banks," and George E. Sokolsky, writer, who delivered an informal address during the luncheon. In addition, there were talks by officers of Manufacturers Trust Co. on United States Government Bonds, Financing Time-Payment Sales, Personal Loans, Modernization Loans, G. I. Bill of Rights Special Checking Service, Commodity Loans and Field Warehousing, Accounts Receivable Loans, Mortgage Management Service and Foreign Department Activities.

Henry C. Von Elm, Vice-Chairman of the Board of Manufacturers Trust Company, welcomed the guests, and Louis P. Christenson, Vice-President in Charge of the the banking department at the Main Office, presided at the conference.

U. S. Army of Occupation Abroad Need Not Be Feared, Says Secretary Stimson

According to Secretary of War Stimson, "no country need ever fear a United States Army of occupation—our boys want to get home."

"The American soldier is not afraid of anything, but he's the most homesick creature when he's at war in foreign lands," the Secretary added in an interview at Miami Beach, Dec. 9, it was indicated in an Associated Press dispatch from Miami Beach published in the New York "Times" which further reported his remarks as follows:

"I remember that I shared that feeling in the last war. The effect was to idealize our home—America was the place where the sun shone all the time."

Returning soldiers must be made to realize, he declared, that this country is not made up entirely of strikers and exploiters The discharged serviceman and his return to civilian life without bitterness or disappointment were among the primary concerns of the War Department, he said, and he told of intimate talks he has had with soldiers back from battlefields who are being re-processed at the Army redistribution stations.

He asserted that no one person was to blame for the ammunition shortage reported by General Eisenhower.

"Throughout the war," he stated, "the ammunition requirements have fluctuated wildly. Sometimes we have had a surplus of ammunition. At others we have used it up as fast as we could get it."

Nat'l Clearing House Assn. for 24-Hour Check Clearing Recommended to Bank Auditors

Formation of a National Clearing House Association to effect nation-wide clearing of checks within 24 hours as a means of eliminating "float," one of the major problems of the banking system, has been recommended to the National Association of Bank Auditors and Comptrollers by Edwin G. Uhl, Comptroller of the Land Title Bank and Trust Company, of Philadelphia. Mr. Uhl suggested utilization of airplanes, with flights maintained under contract with airlines, as the transportation medium to attain the goal of clearing "foreign" checks within one day. His plan called for the use of planes, equipped similar to present day railroad mail cars, thus enabling a force of men or women to sort items en route. He also suggested using the 12 Federal Reserve banks, their 25 branches and one agency as a nucleus for establishing a national clearing house. Because of its central location, he recommended Kansas City as the clearing city. The flights would be so scheduled as to meet in the clearing city at the same time.

Admitting that his plan would be more expensive than the present method, Mr. Uhl contended that his idea would produce the following offsetting savings: (1) It would result in uniform "float" with consequent saving of analysis personnel and time; (2) it would eliminate "wire fate" items and, (3) it would be of great value to the economy of the nation as a whole. Answering the argument that "such a plan is not necessary in view of the concentration of clearing volume in the East," Uhl pointed out that in recent years, particularly during the present war, there has been a tendency on the part of business to expand into the South and far West. "The extension of business enterprise into greater geographical areas will naturally result in greater volume of clearings over a greater part of the nation," he said. "The banking profession should be prepared to meet this expansion."

Mr. Uhl contended that banks have tended to look upon "float" as a "necessary evil," something that banks and the nation must tolerate. Some banks, he said, are endeavoring to reduce their analysis costs by establishing average "float" in order to eliminate the necessity for examining individual items. Some have experimented with other plans for reducing analysis time and costs. "The fact remains," he added, "that all these plans approach the problem from the standpoint of avoidance rather than correction."

War Mobilization Director Byrnes Issues "Work or Fight" Order

Hershey Calls on Draft Boards to Cancel Deferments of Men 18 to 37 Who Quit Essential War Work

Incident to the new manpower directive of James F. Byrnes,, Director of War Mobilization and Reconversion, local draft boards were notified on Dec. 11 by Draft Director Major-Gen. Lewis B. Hershey to cancel occupational deferments of men from 18 to 37 years who left essential work without Board permission. Stating that Gen. Hershey acted less than 48 hours after Mr. Byrnes issued his new work-or-fight mandate, the Associated Press, Washington advices, Dec. 11, said:

Though the order applies to all men 18 through 37, it is aimed primarily at the 26-37 age group whose deferments have been granted more liberally in the past. Deferment standards already are being applied very strictly to men in the 18-25 age bracket.

In effect, Gen. Hershey has directed the nation's 6,443 local draft boards to review all deferred cases and to apply a more rigid deferment yardstick henceforth "in the light of the immediate urgencies for men in the armed forces and the civlian war effort."

Those who persist in remaining in non-essential jobs or who quit war work will be reclassified immediately and made subject to the draft. Those so inducted will be assigned as combat replacements overseas or to release soldiers in this country for service abroad.

The text of the Byrnes statement on the manpower situation was made known in a White House announcement issued as follows on Dec. 9, it was indicated in Associated Press accounts:

Director of War Mobilization and Reconversion Byrnes announced today that, after consultation with representatives of the Army, Navy, War Manpower Commission and Selective Service, he had requested the Director of Selective Service to amend Selective Service regulations to provide for the calling of additional men in the higher age groups into the armed services to replace men released by the Army and Navy to man critical war programs.

The Director pointed out that in addition to the veterans returning to civilian jobs, at his insistence the Army and Navy had already released several thousand men to fill, in part, the existing manpower shortage in critical war plants, and that the demands for such releases are increasing. The larger number of American divisions now actually engaged in combat, and the continuing pressure against the enemy, has not only increased the requirement for physically fit soldiers, but has also greatly expanded the requirements for military supplies of all kinds.

Justice Byrnes stated: "Essential war industries must be provided with the requisite manpower to meet military requirements if full pressure on the enemy is to be continued. The importance of war production schedules has necessitated the release of men already in the service. In order that these men may be replaced, it is deemed necessary to increase the number of calls by Selective Service for men between 26 and 37 who are not now doing their part to contribute to the war effort.

"More than 2,000,000 men over 30 years of age are now serving their country in the armed services, and, hence, it is not too much to expect that all other men in this age group not in the armed service are prepared to contribute to the war effort."

Gen. Hershey has been requested to amend his regulations immediately to provide for the induction of men in this age group who are not now contributing to the war effort, as replacements for men in the armed services who have been or may have to be released for war production purposes.

Gen. Hershey has also been requested, in consultation with the War Manpower Commission, to give immediate consideration to the amendment of Selective Service regulations to provide for the reclassification of men in this age group now having occupational deferment who leave essential industry during this critical period, when full war production is required to maintain the relentless pressure now being brought to bear upon the enemy by our soldiers and sailors on every front.

Following the Byrnes order, State officers were advised in telegrams addressed to them by Major-Gen. Hershey that draft regulations are being amended to provide that when occupationally deferred registrants leave essential jobs they will be "reclassified into a class immediately available for service. . . ."

The only exception, he said, will be in cases where local boards rule that a change of jobs by men from 23 years of age through 37 "is in the best interest of the war effort."

As given in Associated Press advices from Washington, Dec. 11, the text of Gen. Hershey's telegram follows:

"The Director of the Office of War Mobilization and Reconversion has requested the Director of Selective Service to take affirmative action with respect to the urgent manpower situation.

"There is continuing urgent need for combat replacements in the European and Pacific theaters of war and a most critical shortage of workers in war activities. It is increasingly necessary that all persons, and particularly registrants 18 through 37, participate to the full extent of their abilities either in the armed forces or the civilian war effort.

"Immediate action will be taken by the Selective Service System and this action will be carried out by the local Boards.

"Selective Service regulations and memoranda are being amended to provide that when an occupationally deferred registrant leaves the employment for which he has been deferred, he shall be classified into a class immediately available for service unless before leaving such employment he requests a determination and a determination is made by the local board that it is in the best interest of the war effort for him to leave such employment.

"To accomplish the purpose that registrants 18 through 37 carry their full share of the nation's war effort in order to remain occupationally deferred, local Boards will apply present occupational deferment instructions in the light of immediate urgencies for men in the armed forces and the civilian war effort.

"Publicity will be released from national headquarters Monday afternoon, Dec. 11, 1944. Local Boards should be informed immediately thereafter."

Manpower officials, according to the Associated Press advices, Dec. 11, from Washington in the New York "Sun," expressed confidence that the tighter draft regulations will "go a long way" toward bolstering the war labor force. The most important result of Mr. Byrnes's directive, they said, will be to cut down appreciably the huge labor turnover that has been a No. 1 problem in fighting lagging war production.

Congress Extends Second War Power Act

Both the House and Senate have voted to renew the administration's broad war powers over rationing and the allocation of vital materials for another year. The House on Nov. 30 passed a bill extending through 1945, the life of the Second War Powers Act—legislative basis for the War Production Board, rationing War Food Administration and many other wartime agencies, while the Senate passed the bill on Dec. 8.

Reporting the House action on Nov. 30 Associated Press advices from Washington as given in the New York "Journal of Commerce" said the House approved an amendment empowering Federal courts to review and enjoin WPB orders suspending individual allocations of critical materials.

The original bill provided for no court review of any rulings by the war agencies. Persons dissatisfied with War Production Board action had but one recourse, an appeal to the Office of War Mobilization.

Although backers of today's amendment said it is not distasteful to the administration, Rep. Cochran (Dem., Mo.) told the House it could snarl the war program at the very time when fighting front generals are pleading for more ammunition.

"I don't want any hanmstring amendments on our war powers," he said. "Let us forget our fears for the rights of individuals until we've won this war."

Chairman Summers (Dem., Tex.) of the Judiciary Committee said the amendment was a protection against "abusive and tyrannical" actions.

Sponsors of the amendment said it actually applied to a limited part of the war program—giving courts the right to pass only on those war production orders which withdraw a previously granted allocation of vital materials, but Mr. Cochran contended it is broad enough to let any person who loses a rationing privilege—A "B" card gasoline ration for example—to tie up the war agency's program.

Part of the amendment reads:

"The District Courts of the Unittd States are hereby given exclusive jurisdiction to enjoin or set aside, in whole or in part, any order suspending any priority or allocation, or denying a stay of any such suspension, that may have been issued by any person, officer, or agency, acting or purporting to act hereunder, or under any other law or authority."

The Senate accepted the bill as it passed the House with the above amendment.

Redeem Cuban Bonds

Republic of Cuba, through Roberto Hernandez, Consul General of Cuba in New York City, is notifying holders of its external loan 30-year sinking fund 5½% gold bonds issued under Loan Contract dated Jan. 26, 1923, that $833,300 principal amount of the bonds have been drawn by lot for redemption on Jan. 15, 1945, out of moneys in the sinking fund, at 100% of their par value and accrued interest to the redemption date. The bonds drawn for redemption will be paid at the office of the fiscal agents, J. P. Morgan & Co., Incorporated, on or after Jan. 15, 1945, after which date interest on the drawn bonds will cease. On Dec. 11, 1944, $446,300 principal amount of these bonds previously drawn for redemption had not been presented for payment.

Roosevelt Makes Initial Report to Congress on UNRRA—$1,350,000,000 Pledged by U. S.

According to a report to Congress by President Roosevelt the liberated peoples of Europe will be able to supply 90% of their own basic needs this winter. This statement was made by the President in submitting his first report on American participation in the United Nations Relief and Rehabilitation Administration, in which he noted that supply operations "have not yet begun in the field." The Associated Press advices from Washington, Dec. 5, in reporting this, also said, in part:

"Covering the three months ended Sept. 3, the report showed an actual cash outlay of $4,253,423 and allocations totaling $353,000,000 out of the $800,000,000 thus far appropriated in American funds. The allocations have been earmarked for food, clothing, medical supplies and other types of necessary equipment.

"Noting that 'emergency needs in liberated areas are still being met only from military relief supplies,' Mr. Roosevelt told the lawmakers that field supply operations 'are likely to begin shortly in some areas.'

"American participation in the 44-nation U. N. R. R. A. was authorized last March and effectuated by Executive Order in July. An aggregate of $1,350,000,000 was pledged as this country's total share.

"In his report, the Chief Executive said that the liberating Allied armies, in some sections, found conditions to be 'worse than we had anticipated, and in other sections they are not as bad as we had feared. Generally, however, there has been a wide extent of suffering and privation, and the job ahead is great.'

"Furthermore, the report provided a glimpse of the tremendous job ahead. Already, in Europe alone, it said, 100,000,000 people have been freed after three to five years of 'Nazi looting, persecution and brutality.'

"It spoke of acute food shortages in many lands, particularly in cities. It said exposure, due to lack of clothing, had killed nearly as many people as had starvation. It mentioned 'seriously lowered resistance' to disease and the death of hundreds of thousands of children from malnutrition.

"It estimated that 20,000,000 men, women and children had been driven or had fled from their homes, and said that their return will mean 'the greatest migration of modern times.'

"Thus far UNRRA has asked the United States, especially for foods costing $72,345,290, clothing textiles and footwear worth $37,646,489, food production supplies totaling $18,298,487, and transportation, medical and miscellaneous supplies and equipment to bring the total to $129,490,380."

The President's message to Congress, in transmitting the report, follows:

"To the Congress of the United States of America:

"I am transmitting herewith the first quarterly report on UNRRA expenditures and operations in accordance with the Act of March 28, 1944, authorizing United States participation in the work of the United Nations Relief and Rehabilitation Administration.

"The enemy has been driven out of all or virtually all of the Soviet Union, France, Greece, Belgium, and Luxemburg. Parts of the Netherlands, Yugoslavia, Poland, Czechoslovakia, and Norway, as well as the Philippines, New Guinea, New Britain; and Burma have been liberated by the armed forces of the United Nations. Those forces—more powerful each month than the month before—are now striking additional blows to complete the task of liberation and to achieve final victory over Germany and Japan.

"UNRRA was established by the United Nations to help meet those essential needs of the people of the liberated areas which they cannot provide for themselves. Necessary relief stocks are being acquired and the personnel recruited to assure efficient and equitable administration of relief supplies and relief services. As rapidly as active military operation permit, UNRRA is undertaking operations in the field. UNRRA representatives are already in or on the way to liberated areas of Europe and are preparing to go to the Pacific and Far East. The colossal task of relieving the suffering of the victims of war is under way.

"The conditions which prevail in many liberated territories have proven unfortunately to be fully as desperate as earlier reports have indicated. The enemy has been ruthless beyond measure. The Nazis instituted a deliberate policy of starvation, persecution, and plunder which has stripped millions of people of everything which could be destroyed or taken away.

"The liberated peoples will be helped by UNRRA so that they can help themselves; they will be helped to gain the strength to repair the destruction and devastation of the war and to meet the tremendous task of reconstruction which lies ahead.

"All the world owes a debt to the heroic peoples who fought the Nazis from the beginning—fought them even after their homelands were occupied and against overwhelming odds—and who are continuing the fight once again as free peoples to assist in the task of crushing completely Nazi and Japanese tyranny and aggression.

"FRANKLIN D. ROOSEVELT.

"The White House, Dec. 5, 1944."

San Francisco Chamber Of Commerce Elects

Dr. Henry F. Grady, President of the American President Lines, was on Dec. 5 elected President of the San Francisco Chamber of Commerce and will take office Jan. 1. Mr. Grady, who was the Chamber's First Vice-President succeeds Adrian J. Falk, who was the 1944 President. Brayton Wilbur, President, Wilbur-Ellis Company, was elected First Vice-President of the Chamber; Roland Tognazzini, President, Union Sugar Co., was elected Second Vice-President; W. Lansing Rothschild, President, Yellow Cab Co., was elected Third Vice-President; Louis B. Lunborg, General Manager of the Chamber, was re-elected Fourth Vice-President.

Prentiss A. Rowe, President, A. I. Hall & Son, Inc., was elected Treasurer of the Chamber and Elmer G. Johnson, recent President of the San Francisco Junior Chamber of Commerce, Assistant Treasurer, and M. A. Hogan, Secretary.

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of Oct. 31, 1944, and show that the money in circulation at that date (including of course that held in bank vaults of member banks of the Federal Reserve System) was $24,425,292,971 as against $23,794,299,623 on Sept. 30, 1944, and $19,250,318,310 on Oct. 31, 1943, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, total was $3,459,434,174.

The Financial Situation

(Continued from first page)

of Europe and Mr. Churchill in others are proceeding persistently and without anything in the way of effective opposition from us to practice power politics in precisely the way they thought this country was fighting to end.

Of course both are looking out for the interests of their own country or Empire in the traditional prewar way. It would be silly to condemn the general purpose of one and praise or even excuse the objective of the other. It may be that one or the other is proceeding with more finesse or eptitude than the other. On the whole, Mr. Stalin appears to have been more forehanded, more ruthless and thoroughgoing in his technique than the British Prime Minister, who may have picked the wrong horse in Greece—or possibly the wrong groom or jockey. At any rate, revolutionary ideas appear to be rampant in that part of the world as they have been many times in the past, and the influence of Russian thinking—whether or not deliberately or consciously exerted—appears to have posed some problems for Mr. Churchill. But be all this as it may, the British Empire is, and must be, interested in safeguarding its life line through the Mediterranean precisely as Russia is bent upon protecting itself against any future uprising of the Germans.

Why Surprise?

Now, where does all this leave the United States of America? Well, first of all, there is no reason for surprise, and certainly no possible excuse for "shock." Only the most naive could possibly have imagined that such veterans of world politics as Russia and the British Empire were likely to foreswear their "interests" and follow the President of the United States on some crusade (as it must certainly have appeared to them) against windmills. Rather meaningless assents to such vague declarations as the Atlantic Charter at a time when all anti-Axis countries were dependent almost for their very life upon the United States was to be expected and was certainly not to be construed in other than a Pickwickian sense. Just as de Gaulle has entered an agreement with Russia for mutual protection against Germany in the future—quite independent of any concert of powers which may later be established—so it should have been taken for granted that Russia and Great Britain would do what seemed best to them to protect their own future when it seemed best to them to do it.

Our second observation is that the developments to which reference has been made are quite beyond our power to correct. We could, of course, take a "strong stand" in protest—and, according to some observers, make post-war collaboration of the sort on which many in this country have set their hearts quite impossible—but such a course on our part would in all probability not change the policies of Russia and Great Britain in any great degree. The simple truth probably is, however, that we shall "collaborate" with other nations in the interest of future peace despite such policies on their part or not at all. We shall have to reconcile ourselves to precisely such course of action on their part either at the present time or at some later date.

What has been done or is being done in Europe really can not directly affect us in any substantial way. We may think that all this is sowing the seeds of another European war. It may be. But why should we think we know more about solving the problems of Europe than those countries which must live next door to the sore spots of that continent? If we are to permit ourselves to be drawn into all major European wars, it must be admitted that we have an interest in doing what may be done to prevent war from coming to Europe, but it would be foolish indeed to suppose that we—thousands of miles from the scene—can ever hope to direct the conduct of European countries. Our interests dictate that we do whatever we reasonably can to help keep the peace in Europe, and to manage our affairs in such a way that we can keep out of European entanglements.

Two Dangers

There are two dangers in the situation as it now develops. One of them is that it will be permitted to reach lengths which will interfere with the conduct of the war. There is no reason why this should be permitted to take place, but it is a possibility, and a possibility which we especially should be on guard against. It appears reasonably clear that Russia and Great Britain have come to a working understanding, at least about European questions. It is not very likely that they will get sufficiently at cross purposes—even if there are other areas where their interests may clash—while the present conflict is in progress to interfere with its prosecution. We apparently have been faced with a *fait accompli*—and we can make the most of it and get on with the war, or we can act in such a way that the end of the war is deferred. Let us not forget that we have millions of our young men upon the battle fields of Europe. We must finish up that business and get them home as soon as possible.

The second danger has to do with our own position after the war is over. We must not continue to charge windmills and to act as a Don Quixote throughout this conflict and when the terms of peace are being written. We have no imperialistic ambitions and interests, but we do have a continent to defend in a world which is not given to consideration for others. We must have bases and the like to make our shores unreachable. Let us not lose sight of that fact while Russia and Great Britain are putting their hard, practical heads together about post-war matters.

Vague But Mischievous

"With the inevitable end of Hitler, the struggle begins, not of tank and plane, but of heart and soul and brain, to forge a world in which humanity may live in peace.

"This new world must be based on the recognition that the individual human being is the cornerstone of our culture and our civilization. All that we cherish must rest on the dignity and inviolability of the person, of his sacred right to live and to develop under God, in whose image he was created.

"With this creed as our foundation, we declare:

"1. That an International Bill of Human Rights must be promulgated to guarantee for every man, woman and child, of every race and creed and in every country, the fundamental rights of life, liberty and the pursuit of happiness.

"2. No plea of sovereignty shall ever again be allowed to permit any nation to deprive those within its borders of these fundamental rights on the claim that these are matters of internal concern.

"3. Hitlerism has demonstrated that bigotry and persecution by a barbarous nation throws upon the peace-loving nations the burden of relief and redress. Therefore it is a matter of international concern to stamp out infractions of basic human rights."—Vice-President Wallace, Governor Dewey and others.

Such terms as "rights of life, liberty and the pursuit of happiness" can, of course, be interpreted to mean almost anything or nothing. It may be that considerations such as this led some of the distinguished gentlemen signatory to the "Declaration" above quoted to permit their names to be attached.

But be that as it may, we wish there were much less tendency on almost all sides in this country to meddle with the affairs of other peoples.

Freight Rate Increases Again Suspended

The Interstate Commerce Commission in an order dated Dec. 13 declined to require the railroads to cancel the passenger fare increases, but suspended until Jan. 1, 1946. the authority to increase freight rates. This decision was reached Dec. 12, by a vote of 7 to 2, Chairman Patterson and Commissioners Aitchison, Porter, Lee, Mahaffie, Splawn and Rogers constituting the majority, with Commissioner Alldredge concurring in part and Commissioner Miller dissenting in part. Commissioners Johnson and Barnard did not participate.

The reopened proceeding, which resulted from a further hearing held in the latter part of October, 1944, dealt with the questions (1) whether increases in freight rates, averaging about 4.7%, which by authority of the Commission were in effect from March 18, 1942, to May 14, 1943, but were suspended until Jan. 1, 1945, should be permitted again to be established, and (2) whether the 10% increase in interstate standard passenger fares of the railroads in effect since Feb. 10, 1942, should be canceled.

The Commission, in its report, further stated:

"Freight and passenger business of the railroads has continued to increase substantially in the last two years. Operating revenues this year will reach an all-time high. Because of the great increase in railroad traffic, the National Association of Railroad and Utilities Commissioners filed a petition requesting that no increases in freight rates be permitted to become effective on Jan. 1, 1945, but that authority to do so should be canceled. The Price Administrator, the Director of Economic Stabilization, the Secretary of Agriculture and the War Food Administrator made the same request. In addition, certain of these parties called upon the Commission to cancel the increases in passenger fares. In response, the railroads asked that no action be taken to prevent the increases in freight rates from going back into effect on Jan. 1, 1945, or to cancel the passenger fare increases.

"In view of the uncertainties facing railroads and shippers in the coming year, the proceeding is held open upon the Commission's docket so that any party may request further action if conditions substantially change."

28,910 Freight Cars and 495 Locomotives on Order

The Class I railroads on Dec. 1, 1944, had 28,910 new freight cars on order, the Association of American Railroads announced. This included 9,523 hopper, 3,054 gondolas, 200 flat, 12,218 plain box cars, 1,345 automobile box cars, 2,213 refrigerator, and 357 stock freight cars. On Dec. 1, last year, they had 36,253 cars on order.

The roads also had 495 new locomotives on order on Dec. 1, this year, which included 90 steam, two electric and 403 Diesel locomotives. Total on order Dec. 1, 1943, was 1,004, which included 387 steam, three electric and 614 Diesel locomotives one year ago.

The Class I railroads put 35,972 new freight cars in service in the first 11 months this year compared with 26,433 in the same period last year. Of the total installed so far this year, 5,140 were installed in November. Those installed in the first 11 months included 14,698 hopper, 3,735 gondola, 1,315 flat, 2,863 automobile box, 12,768 plain box, 143 stock, 449 refrigerator freight cars and one other car.

They also put 846 new locomotives in service in the first 11 months of 1944, of which 305 were steam, one electric and 540 Diesel. New locomotives installed in the first 11 months of 1943 totaled 656, of which 380 were steam, 15 electric and 261 Diesel. New locomotives installed in November this year totaled 63, of which 18 were steam and 45 were Diesel.

What About Government Bonds?

(Continued from first page)

claims, in a way not to hurt the banks, although I am not too sure of this.

Probable Refunding

My own present guess is that as the "E," "F" and "G's" become due an entire new system of refunding will be instituted which will both save the Government money and not necessarily hurt anyone. For instance, maturities up to a limited amount—say $5,000—will be paid in cash. Larger holders can be given the option: (1) of accepting 2½% Registered Fifty Year Bonds—two per cent being retired by lot *at par each year, it being understood that the Government shall not buy any in the open market under par;* or (2) of accepting 1% Coupon Ten Year Bonds which would have a free market and have some tax advantage.

Along with such refunding, legislation will be passed by Congress whereby insurance companies (and this will now be possible under the recent Supreme Court decision) will be allowed to value such 2½% bonds at par; and banks will be allowed to value the 1% bonds at par—whatever either issue may be selling for in the open market. This program could result in cutting the Federal interest costs about in half and ultimately in retiring the bonds.

All of the above means that the Federal Debt could be divided into two parts—like the departments of every bank—viz: a *Savings Department* and a *Commercial Department.* Those who want *income* will get 2½%, but they must be willing to forego liquidity until their bonds are called by lot at par. Those who want *liquidity* must be content with 1% interest, but they will always be able to sell their bonds. This should be no different from the way the banks are now treating us depositors in their two above-mentioned departments.

Conclusion

We all should buy our share of War Bonds Series "E," "F" and "G." During the years ahead they may or may not be our best investment. Only the future can tell; but this one thing is certain: If we will also buy a carefully-selected list of good stocks, then we will have two barrels to our gun. If the bonds go down in price, the stocks should go up; while if the stocks go down, we will have a safe back-log in the bonds.

Compulsory Universal Military Training

(Continued from first page)

ternational relations on the one hand, and on the other a persistent zeal for the expanding reign of law among nations to replace that self-same force. If we plump for force alone we are doomed. If we ignore force we are equally doomed. It is easy to go all out for force; it is likewise easy to go all out for disarmament. The grave danger is that we shall, as individuals, fall into one or the other of these traps in our thinking about military training.

The fact that we must be willing and able to fight by no means establishes the case for universal training in peacetime. The degree to which we should arm ourselves is related to what other nations do. To adopt it now before the terms of the peace are known would prejudge that peace. It would tend to force other peace-loving nations to military preparedness on the same scale, and would be in fact a public avowal to the world that we expect nothing truly constructive to come out of the war.

Important Questions Yet Unanswered

We do not yet have enough facts on which to base a judgment. General Marshall states that a large professional army is out of place in a democracy. How large a standing army does he mean? What is being planned as a standing army for the post-war period? Is it to be an army of 500,000 men, or a million men or 1,800,000 men? There appear to be military opinions favoring each of the two extremes. If the Army heads consider a large standing army necessary, is the disruption of the lives of millions of young men by supplementary training justifiable in peace time, in view of the speed with which the techniques of war seem to change these days?

Since it is preparation for total war that alone would justify compulsory universal training, may not the best answer to such a situation be a large standing army with a proper industrial organization behind it? Too many advocates of compulsory training forget that if world conditions call for universal service, that service must be backed up by industrial regimentation and industrial readiness for war This will have grave effects upon our system of private enterprise, which I for one cherish greatly. Think, for example, of the radical changes that must take place in the geographical distribution of many industries and the consequent economic disruption, if we must prepare for a war featured by rocket bombs, robot planes, and the still undeveloped atomic bomb of dreadful promise, as they can be contrived in the next ten years alone. If this war brings no agencies of international collaboration in which we can place substantial hope of security, the regimentation of young men for war will be but one phase of national regimentation at all levels. In that case, will not the totalitarians really have won the war?

It is said that we need universal conscription because the volunteer system has always failed to give us even the small peacetime armies authorized by Congress. My question is, has the volunteer system ever been really tried? Has the Government ever sought to make a volunteer tour of army duty attractive, either in pay or in experience which a man could capitalize afterwards? The answer, I think, must be no.

Furthermore, on the strictly military side we need to know more of the experience in other countries. For example, did universal training strengthen France or weaken her by contributing to a false sense of security, which has come to be called the Maginot Line psychology? Nothing could be worse for us, as we enter an era in which the techniques of war will change so rapidly, perhaps to the degree of altering them fundamentally, than to assume that universal service is a substitute for national will. Certainly, to be a prepared nation, we must be alert to the importance of science and technology; not just a nation whose young men have all had basic military training.

We are always prone to view the next war in the pattern of the last. Spectacular mobilization of armies may not signify as much as before. Scientific and engineering research may replace them as our chief line of defense.

There is another phase of national preparedness that is often overlooked; namely, ways and means of keeping aggressor nations weak and thus reducing the relative need for large forces on the part of peace-loving nations. For several generations the studied, deliberate philosophy of national aggression has been restricted to two parts of the world. Victory will give us an opportunity to remove these points as military threats. Obviously it will require wisdom to devise the best plan and persistent determination to enforce it. At this stage, to talk about peace-loving nations adopting peacetime conscription only muddies our thinking as to how to demilitarize Germany and Japan, and keep them so. In my opinion a soft peace, or one that fails to restrain the Axis nations as military potentials may well compel us to go over to total military preparedness. This is one reason why I regret the rise of any issue now that may divert us from attention to the nature of the peace.

We Should Know Nature of the Peace Before We Decide

But the most cogent reason for delaying decision on universal compulsory military training is the one I made at the beginning of my remarks and to which I would like to return again; namely, the question cannot be decided until the terms of the peace are known. To adopt universal training today would confirm the dangerous spirit of cynicism towards all proposals to expand the scope of collective security and reign of law. It would carry America to the peace conference with notice to the rest of the world that for us the Atlantic Charter is not to be taken too seriously. Secretary Stimson says that we need universal service to impress other nations that we can fight. But, I repeat, would not the real effect at this time be to impress other nations that we place no hope in the possibility of international institutions to make world wars unnecessary? I think it would. Certainly it would confirm the sense of defeatism in respect to what we are fighting for which Mr. Churchill expressed when he stated that the ideological aspects of the war are not so significant now as they once were. Now that it is clear that America will escape invasion — and probably even bombs — in this war, and because we are not yet fully conscious of the casualty lists yet to come, I sense on the part of the American public a most unfortunate complacency towards the next war. I suggest that this is not shared this evening by millions of homeless, harassed and suffering people of Europe.

Are Collateral Educational Values Really Valid?

Up to this point I have been urging as a citizen those considerations that call for delay in deciding the question of universal training.

I now come to the issues on which educators have a special right and duty to speak as their minds and experience dictate. I refer to the so-called educational advantages of universal military training. When investigated, these collateral arguments, which seem to soften military training in the raw, are seen to be unsubstantial. Here it is necessary to clarify our thoughts, or we shall be found to be trying to play both ends against the middle. To use an equally vulgar phrase, you can't work both sides of the street for military training.

My thesis as to educational advantages is perfectly simple. If the Army is to make up for the shortcomings of the home, the church and the school, it will not be able to give us the trained man-power it says we need. It can't do all these things and train for combat too. And it is naive to expect that it will. In Chapter I. Volume I of "Platoon Training," a textbook for officers, occur these words, "Success in battle is the ultimate object of all military training." No truer word was ever said on the subject. When the objective departs from this principle it becomes neither military training to meet our requirements of military power (whatever they may be) nor education for civilian responsibilities.

Military Discipline and Civilian Discipline Are Two Different Things

Take the question of discipline first. Every old man knows that the younger generation are poorly disciplined. It has always been so. I confess myself to enough gray hairs to think that many yound people need discipline which they are not getting, but which in earlier days they received automatically when family conditions and economic conditions rested on a more domestic economy. While formal education is no substitute for home influences, modern pedagogy must accept its share of blame for any lack of civilian discipline in a generation which, by the way, seems to be doing all right as soldiers.

The Army rightfully makes slight claim to developing the intellect of the common soldier, whereas true self-discipline calls for both mental and emotional controls combined in one personality.

Therefore I insist that discipline for peacetime responsibilities and discipline for military responsibilities are two different things. Success in battle calls for its own peculiar form of discipline It comprises the physical, mental and emotional equipment of a soldier. I am willing to accept the word of the Army that it takes one year to accomplish this, that it cannot be done properly in three summer sessions And even a year leaves little time for frills. It would, of course, embrace some technical training as might be useful to a soldier, but at a high cost of time and money compared to much more that could be done under civilian auspices.

Military discipline is imposed from above. It very properly consists in willingness to obey orders with the threat of punishment for disobedience always present to control the conduct of the individual. Civilian discipline must be self-discipline functioning from within. We all know young men who seem to have been helped and matured by military training during the past three or four years. What we do not yet know, is how much of this development will be carried over into civilian life afterwards. The history of past wars suggests that the brutalizing experience of war does not carry over. Returned soldiers are not killers. Nor does history indicate that the common soldiers have been helped by their military training for civilian life afterwards in any significant proportion. One of the great worries of college authorities is how they will treat the students returning from military service who will react against their experience with military discipline without having developed corresponding self-discipline for a peacetime way of life. How we can get such students back into the stream of civilian responsibility will be a problem.

While in many cases such rejection does not prove that the individual cannot look forward to a long and healthy life, there can be no doubt that the health of our youth is a matter of grave national concern. However, the pertinent question is: will a year of military training materially improve the health of the nation?

Of course most young men who qualify for military training enjoy good health while in training. Nourishing food, regular exercise and regular sleep and living conditions will improve anyone's health. But, like habits of discipline, health habits, enforced from above, will not carry over in any degree comparable with what cheaper medical care and an expanded health program in the schools and health centers would accomplish at less cost. President Roosevelt has referred to those boys in the army who didn't know how to brush their teeth. This condition, is indeed regrettable, but its causes run deeply into our social life. Not brushing one's teeth is but a superficial symptom of ignorance and underprivilege, and the causes require more attention than the Army can give.

Two things need to be remembered if we are to be sensible about health. One is that, if the Army is to remain concentrated on national defense (which is the only reason for having an army), it cannot accommodate those young men whose physical defects bar them from being good soldiers. It cannot use those who are most in need of remedial health services. Bad teeth can be rectified and hernias corrected, but by and large the Army cannot turn itself into a health center, even if the year at its command were sufficient to work basic improvements for young men under par.

The second fact is that many of the conditions which render a man physically unfit occur before the lad is of military age. His ailments may run to earlier illness, malnutrition, insanitary environment or failure to receive the best remedial medical attention. Some defects are non-correctable by most complete medical service. Poor eyes, punctured ear drums and certain heart conditions are examples. Asthma and hay fever cannot be cured by a year in the army. Emotional instability, about which we hear so much, requires different and more prolonged treatment than the Army can provide. I suggest, therefore, that universal military training (which would in fact be universal only for those already in good physique) will contribute little to national health. Again, I repeat, much broader and more fundamental results can be attained in other ways at less cost.

Proposal for a Year of National Service to Include Military Training as One Element

The final argument which I consider erroneous is the proposal for a year of as yet undefined national service for all youth, in which military training would be but one element. It is advocated that this plan be extended to young women and no one would be exempt. It would be presumably a year devoted to training for good citizenship and the inculcation of ideals of public service in all youth. Secretary Knox declared that "responsibility of citizenship under a popular form of government could be taught" through military service; but he didn't say how. Others, feeling some skepticism in respect to the benefits of mere military training, would add various other features on a universal compulsory basis. In a way this is the most dangerous position of all, because it is seductive to some who dislike to face the realities of military training, even if it becomes clearly indicated that we need it in the post-war world.

Let me say at once that I am a firm believer in the value of work-on-the-job as an educational force. The large proportion of our youth who are missing this experience in their late adolescence is appalling. Work experience should be a part of the life of all young people, but it is best performed under conditions of free men and not under those of conscripts. And this goes for national work camps under any guise that rests upon compulsion by the State. It smacks too much of Naziism to suit me. If events prove that we must go over to compulsory military training in peacetime, let us not try to mitigate the great social and economic costs by self-deception.

All this holds also for those proposals which link the inculcation of zeal for participation in public affairs with compulsory military service. My fear is that a year of compelled service is more apt to make a boy think that he has sufficiently performed his obligation to the State than to fill him with a sense of duty towards public service. It is this fear that suggests that special inducements will be required to impel young men of the right sort to continue voluntarily their preparations to be officers, after the year of compulsory service.

Although I am as yet far from certain that universal military training is in the national interest, of one thing I am sure. If America decides that it is necessary, the colleges and universities will find ways and means to make the appropriate adaptations, and will lend themselves loyally to it. They will faithfully and effectively contribute whatever is asked, accepting, as Americans should, the verdict of the people as to what is required of them.

1944 Sugar Manual Issued

Farr & Co., 120 Wall Street New York City, members of the New York Stock Exchange, has just issued the 22nd edition of its Manual of Sugar Companies. With a few exceptions, features of previous manuals have been continued this year. Included are descriptions and synopses of various sugar concerns; also information on companies discontinued through reorganization, merger, liquidation, etc.

Among the special subjects treated in the new 1944 edition are the U. S. Sugar Control, with outline of the Sugar Act of 1937 and Amended Acts; Sugar Quotas from 1934 to 1943; Ceiling Prices and Rationing, Etc., and historical and descriptive sketches of the beet and cane sugar industries. The statistical tables cover production, yields, prices, consumption, etc.

The Manual also contains complete lists of sugar factories in Cuba, Puerto Rico, Dominican Republic and British West Indies, with ownership, production, etc. In view of the possibility of the Philippines being again available as a source of supply, there have been included a short description and pre-war statistics of that industry.

Copies of the 1944 Manual may be obtained from Farr & Co. at $1.00 per copy, postpaid, plus 1% sales tax for deliveries in Greater New York City.

Zellers Heads Trade Section

John A. Zellers, Vice-President of Remington Rand, has been been elected Chairman of the International Trade Section, New York Board of Trade, to succeed John B. Glenn, who has held that post for the past two years. Fred J. Emmerich, Vice-President and General Manager of Block International Corp., was elected Vice-Chairman, and Albert J. Barnaud was reelected Secretary-Treasurer.

Capitalism Declared by Baruch As Best Economic System in War or Peace

Declaring that capitalism had proved itself the best economic system in the world "in peace and in war," Bernard M. Baruch on Dec. 12 urged the support of private charity as the best means of preserving the capitalist system.

He spoke at a "Million Dollar Breakfast" at the Hotel Astor given by the Federation of Jewish Philantropies for volunteer fund-raisers who undertook to raise $1,000,000 before nightfall. Federation spokesmen said they believed this objective would be achieved, according to the New York "Times," which further indicated Mr. Baruch as saying:

"If we want to retain the system of personal initiative, we must support private charity; the two go hand in hand. Abolish private charity and the State takes over in a grim, organized, statistical way."

Mr. Baruch expressed his opposition to "classes or groups" that "come together for special pressure purposes, as opposed to the general good," and said he preferred the "preservation of a broad front, without cleavages into special interests."

Charity, he added, was not special, "because it is for another we give, not for ourselves, except for the joy in giving."

"The system of individual effort," he continued, "which we call the capitalistic system is the best in the world. It has proved itself so in peace and in war. I believe in trying to better that system, instead of tearing it down. I believe it rests upon the elements that I have named, and that the protection of these essentials leads to certain social and economic levels, which promise progress.

"These levels cannot be attained without fully realizing that the enterprise system carries personal obligations and that one of them—charity—is greatest at this moment.

"The Jew has always tried to take care of his own. That characteristic has always been a proud badge of the members of this faith, and is even a prouder one these days when paternalism is so soft and beguiling."

Further remarks by Mr. Baruch are taken, as follows, from the New York "World Telegram":

"There are private liberties," said Mr. Baruch, "to which this country is consecrated. Those liberties have to do with the basic rights of all peoples. After these liberties come certain privileges. I want to give my life—I hope I can say continue to give my life—to the protection of freedom of speech, of worship and of assembly."

After the meeting, it was stated in the "Times," Mr. Baruch was asked if he was opposed to a Government social security program, and he replied: "My position on social security has been made clear. I'm going to make it even clearer on the medical phase." He declined, however, to elaborate on this statement.

From the same paper it is learned that other breakfast speakers, who also participated in a forum over radio station WOR explaining the phases of the Federation's work, were Samuel S. Schneierson, city-wide chairman of the 1944 Federation drive; Judge Jonah J. Goldstein, President of the Council of Fraternal and Benevolent Organizations of the Federation, and Benjamin Lazarus, associate chairman of the fund-raising campaign.

Tabulate Sales in 6th War Loan Drive

Figures were released by the Treasury Department on Dec. 16 before the radio broadcast of Secretary Morgenthau, showing that sales in the Sixth War Loan drive tabulated to date aggregated $17,-[illegible]6,000,000, of which the corporate total was $13,446,000,000 and the sales to individuals $4,140,000,000, or 82.8% of the quota. According to the New York "Times" of Dec. 17 these figures, it was explained, do not include considerable additional sales on which Mr. Morgenthau based his statement that total sales would exceed the $19,-000,000,000 mark. The final figures will be announced Jan. 2. The "Times," in part, added:

The nation-wide sale of E bonds stood at $1,683,000,000, or only 67.3% of the quota, but Ted R. Gamble, national Chairman of the War Finance Committee, said that encouraging last days' sales would place E bond quotas over the top in many communities.

Frederick W. Gehle, State Chairman of the War Finance Committee, said that New York State for the first time in any bond drive probably would exceed its E bond quota with sales that will be counted through Dec. 31.

He disclosed that New York State had over-all sales of $5,[illegible]24,-[illegible]00, exceeding its original quota by $1,398,100,000, and easily accomplishing the sales of $1,000,-000,000 additional in bonds promised by local campaign authorities when the first quota was met more than a week ago.

Mr. Gehle also reported that the State had individual sales of $802,-400,000, which also surpassed the quota for these issues.

"Never have the people turned out in such numbers to register their belief in our American way of life," Mr. Gehle said. "It is inspiring to review the record of this war loan, in which, wholly voluntarily, the public has subscribed such vast amounts of money in the war securities of our nation. This will be wonderful news, I am sure, to those New York men who are fighting for our freedom on the battlefronts of the world."

New York City, according to yesterday's report, had an over-all sales record of $4,965,675,231, or 135.4% of quota, and cumulative individual sales of $647,945,017, or 108.4% of quota. E bonds represented $120,460,035, or 66.4% of quota.

Following is the breakdown of bond sales in the boroughs of New York City:

SERIES E BOND SALES

Counties:	Friday	Cumulative	% of Drive Quota
Manhattan	$3,808,358	$77,550,934	71.6
Bronx	196,275	7,640,208	56.6
Kings	1,192,657	24,219,691	61.3
Queens	489,779	9,854,811	55.7
Richmond	74,325	1,294,391	59.9
N. Y. City total	$5,761,394	$120,460,035	66.4

SALES TO INDIVIDUALS

Counties:	Friday	Cumulative	% of Drive Quota
Manhattan	$25,489,430	$537,017,585	115.2
Bronx	979.499	20,066,744	91.2
Kings	3,662,851	61,728,403	84.6
Queens	2,821,587	27,036,414	81.9
Richmond	93,225	2,095,871	59.9
N. Y. City total	$33,046,592	$647,945,017	108.4

SALES TO ALL INVESTORS

Counties	Friday	Cumulative	% of Drive Quota
Manhattan	$290,535,459	$4,380,941,713	133.8
Bronx	9,143,056	74,339,759	154.9
Kings	25,105,999	373,369,347	146.4
Queens	25,745,880	120,639,308	150.6
Richmond.	3,308,225	16,385,104	160.6
N. Y. City total	$353 838,619	$4,965,675,231	135.4

The opening of the Sixth War Loan Drive on Nov. 20 was referred to in our issue of Nov. 23, page 2275.

Principle of Annual Wage Endorsed by Labor Legislation Body

The principles of an annual wage was endorsed on Dec. 14, by the National Conference on Labor Legislation and the department of Labor was urged to survey its experiences of those companies which have set up such systems, said a special dispatch from Washington to the New York "Times," on Dec. 14, which added:

The resolution stated that the experience of progressive managements over a period of years had shown "the value of a guaranteed annual wage in maintaining the stability of employment and purchasing power for the products of industry."

"Such a wage will be of even greater value after the war in achieving the higher living standards for which we are fighting today," the resolution added.

The conference recommended extension and coordination of existing social-security legislation into a national program "which will provide protection for millions of workers and the self-employed not now covered by any social-security law, including coverage of all Federal employes with respect to unemployment compensation, provide income to help make up for loss of income due to sickness, and which will conform to accepted minimum national standards."

Among the specific steps proposed in connection with the resolution were amendment of the Social Security Act to improve and liberalize old-age and survivors' insurance and to provide prepaid sickness and hospitalization benefits; amendment by the States of existing State Unemployment Compensation laws to provide protection for all employes and continuance of public employment services on a national basis, to include job counseling as well as placement.

The scattering of labor matters among a variety of Federal agencies was criticized by the conference, which adopted a resolution recommending "that all labor functions be established in the State and Federal Labor Departments."

Adoption of the "equal-rights" amendment was disapproved by the conference.

Catholic Group Opposes Enforced Peacetime Training

In a statement on Dec. 13, the Post-War World Committee of the Catholic Association for International Peace opposed universal compulsory military training in peacetime. contending it was contrary to our general peace aims and inimical to the success of a general security organization. A special dispatch from Washington on Dec. 13 to the New York "Times," from which we quote, reported the statement as saying:

"It is possible for an institution to be legitimate in theory yet in actual practice be identified with a multitude of evils which counterbalance the good it is expected to produce," the statement said. "This is the case with conscription.

"Catholic moral teaching does not deny the right of the State to force its citizens to undergo military training for the legitimate defense of the country.

"But however legitimate in theory, conscription has been by the candid testimony of history part and parcel of the war-minded philosophy of power politics that has produced two world wars."

Terms of French-Russian Treaty of Mutual Aid

A treaty of alliance and mutual assistance between France and Soviet Russia was signed at Moscow on Dec. 10. With the signing of the pact General Charles de Gaulle concluded a 16-day visit to Moscow. Associated Press Moscow advices Dec. 10 reported that the treaty embodies Russian-French determination to remove the menace of German aggression. It pledged partnership in the war against Germany "until complete victory" and joint measures to safeguard Europe from new aggression after the war. These press advices added:

It parallels the 20-year alliance between Britain and Russia that was signed in 1941 after Germany invaded the Soviet Union, and fills a gap in Russia's future defenses in the West, where she started building a ring around Germany with her Czechoslovak alliance.

The treaty was signed at the Kremlin at 4:40 this morning after an all-night meeting which began with a formal banquet where the French and Russians were joined by British and United States diplomatic and military missions in Moscow.

* * *

Text of Communique

The communique announcing conclusion of the new pact said:

"The sojourn in Moscow of General de Gaulle, Chairman of the Provisional Government of the French Republic, and M. Bidault, Minister of Foreign Affairs, was marked by numerous manifestations of sympathy which unites the people of France and those of the Soviet Union and which was strengthened by the trials experienced during the war.

"Conversations took place with the Chairman of the Council of People's Commissars of the U. S. S. R., J. V. Stalin, and the People's Commissar for Foreign Affairs V. M. Molotov.

"These talks were concerned with the sum total of problems appertaining to the conduct of the war and the organization of peace, and in particular to the German problem.

"These talks disclosed the existence of a wide concord of the point of view between both governments as well as the most sincere desire for close collaboration. Both governments again confirmed their decision to conduct military operations until complete victory over Germany, and their will to take jointly all the necessary measures to safeguard Europe from new aggression.

"In the spirit of these decisions on Dec. 10 this year both governments signed a treaty of alliance and mutual assistance. the text of which will be published separately."

From Paris Dec. 17 Associated Press advices reported the text of the new Franco-Russian treaty of alliance and mutual assistance as made public there, according to the New York "Herald-Tribune":

The Provisional Government of the French Republic and the Presidium of the Supreme Soviet (Parliament) of the Union of Soviet Socialist Republics:

Determined to pursue together to the end of the war against Germany, convinced that once victory has been achieved the re-establishment of peace on a stable basis and maintaining of peace on a lasting basis require as prerequisites the existence of close collaboration between them (France and Russia) and all the United Nations, resolved to collaborate in order to set up a system of general peace and safeguarding harmonious development between the nations, anxious to confirm reciprocal engagements resulting from an exchange of letters on Sept. 9. 1941, regarding joint action in the war against Germany, and in the knowledge that by concluding an alliance between France and the U. S. S. R. the interests and sentiments of the two peoples are best assured, as are the necessities of war and the needs of peace and economic reconstruction in complete conformity with aims envisaged by the United Nations, have resolved to conclude to this effect a treaty and have appointed their plenipotentiaries.

These are: For the Provisional Government of the French Republic, Georges M. Bidault, Minister of Foreign Affairs; for the Presidium of the Supreme Council (Parliament) of the U. S. S. R. M. (Viacheslav M.) Molotov, People's Commissar for Foreign Affairs.

After duly having exchanged credentials, they agreed on the following:

1. Each of the contracting parties will continue, at the other's side and that of the United Nations, to fight until final victory over Germany. Each of the contracting parties undertakes to give to the other help and assistance in this fight with the means at their disposal.

2. The high contracting parties will undertake not to enter into separate negotiations with Garmany nor conclude without mutual agreement and armistice or peace treaty either with the Hitlerite government or with any other government or authority set up in Germany with the aim of prolonging or supporting a policy of German aggression.

3. The high contracting parties will undertake to adopt all the necessary measures in common accord at the end of the present conflict with Germany to eliminate any new threat emanating from Germany, and to bar the way to any kind of initiative rendering possible a new German attempt at aggression.

4. In the event of one or the other high contracting parties finding itself implicated in hostilities with Germany either as a result of aggression committed by Germany or as result of circumstances mentioned in article 3, the other party will immediately bring it all the aid and assistance in its power.

5. The high contracting parties undertake not to conclude alliances or enter into coalitions aimed against one or the other of them.

6. The high contracting parties agree to exchange all possible economic assistance after the war so as to facilitate and speed up the reconstruction of their respective countries and contribute to the prosperity of the world.

7. The present treaty does not affect in any way any previous engagement contracted by any of the two parties with third nations by virtue of extracts published.

8. The present treaty, drawn up both in French and Russian, will be ratified and the instruments of ratification will be exchanged at Paris as soon as it is feasible to do so.

The treaty will enter into effect immediately when the instruments of ratification are exchanged and will be valid for 20 years.

If the treaty is not denounced at least one year previous to the lapse of this period by either of the two contracting parties, it will remain valid indefinitely, with either of the contracting parties retaining the right to end it by declaration to that effect upon one year's notice.

In pledge of the above, the following plenipotentiaries have signed and put their seals to the present treaty, which was issued in duplicate in Moscow, Dec. 10, 1944.

BIDAULT,
Minister of Foreign Affairs.
MOLOTOV,
People's Commissar of Foreign Affairs.

Amendment to Dumbarton Oaks Plan Proposed by Canada to Increase Powers

An amendment to the Dumbarton Oaks Security Plan which is designed to increase the authority of middle powers, like Canada and the Netherlands, without reducing the effectiveness of the proposed League or destroying the special authority of the big powers has been submitted to Washington and London by the Canadian Government, according to special Washington advices Dec. 11 to the New York "Times" by James B. Reston, which went on to say:

This qualification has been offered in the hope of removing the possibility that the strong middle powers would be directed to sever diplomatic or economic relations with or supply armed forces to fight against some future aggressor without having the opportunity to vote on these vital decisions.

While Article 1, Chapter 2 of the Dumbarton Oaks proposals states that the new security organization should be based on "the principle of sovereign equality of all peace-loving states," it adds in Chapter 6 the suggestion that, in order to ensure prompt and effective action against future aggressors, all members of the organization should "confer on the Security Council primary responsibility for the maintenance of international peace and security, and should agree that in carrying out these duties under this responsibility it (the Security Council of eleven members) should act on their behalf."

Under this proposal, if accepted, Canada, for example, might be obligated to break off trade relations with some country or supply men, money and war material to the Security Council, but would have no more assurance of a vote on the Council on these matters than any small nation which had little or no force to put at the disposal of the Council.

This apparent lack of distinction between the "middle nations" and the smaller nations is not wholly acceptable to the former. The Dumbarton Oaks plan sought to establish the principle that nations in the new League should be given authority in proportion to their obligation to provide the men, money and materials for dealing with future aggressors and this was the principle that was invoked to explain the proposal that the United States Britain, Russia, France and China should be made "permanent members" of the Security Council with the right to veto plans to use force against future aggressors.

The Canadians are evidently prepared to accept this principle and therefore to sustain not only the right of the Big Five to a permanent place on the Security Council but also their right of veto, at least in all cases in which the Big Five themselves are not involved.

But the Canadians argue—and their point of view is noteworthy because it has considerable support among the other "middle powers"—that if the principle of authority in relation to power is to be applied by giving the big powers superior authority in the Security Council over the middle powers, so, they suggest, should the middle countries be given greater authority than the smallest nations who contribute very little power to the new league.

Carrying out this principle, therefore, the Canadian amendment is understood to propose that:

The non-permanent seats on the Security Council be allocated to those nations that have the will and the power to place a high minimum of force at the disposal of the Security Council and which are prepared to be bound by a majority decision of that council.

The five permanent members would be given the right of veto in all cases in which they were not a party to the dispute, and the six non-permanent seats would be allocated to the middle powers on a rotating regional basis, not yet defined.

The majority decision of the Security Council would be binding, in the first instance, only on the members of the Security Council, but any nation which wished to associate itself with the majority decision of the Council could do so if it liked.

The Security Council could carry out its own majority decisions without any action by the General Assembly of all the nations, but if the assembly voted by a two-thirds majority to carry out the recommendations of the Security Council, then this vote would be binding on all the nations in the General Assembly.

Commercial Air Agreements Concluded Between United States, Denmark and Sweden

WASHINGTON, Dec. 16—The conclusion on Dec. 16 of agreements for commercial air transport services between the United States and Denmark and Sweden through an exchange of notes at Washington was reported in special Washington advices to the New York "Times" Dec. 16, which also had the following to say:

The agreements resulted from discussions at the recent International Civil Aviation Conference in Chicago. They incorporate the standard clauses adopted at the conference for use in bilateral agreements relating to scheduled air services on a reciprocal basis Most-favored-nation treatment is provided for operations.

Under the agreement with Sweden, airlines of the United States receive rights of transit and non-traffic stops in Swedish territory, as well as the right to pick up and discharge international traffic in passengers, cargo and mail at Stockholm, on the following route: New York or Chicago, via intermediate points, to Stockholm and return.

Airlines of Sweden receive rights of transit and non-traffic stop in the territory of the United States, as well as the right to pick up and discharge international traffic in passengers, cargo and mail at New York or Chicago on the following route: Stockholm, via intermediate points, to New York or Chicago and return.

The agreement with Denmark similar to that with Sweden grants rights to the United States airlines in Denmark and Greenland. It will become effective provisionally on Jan. 1, "and definitely upon confirmation by a free Danish Government when such government shall have been established following the liberation of Denmark."

The agreement with Sweden grants rights for establishing the contemplated services at the option of the respective governments, which will designate the operating airlines. It is understood, however, that the commercial rights should be exercised "at the earliest practicable date."

Items bearing on the agreements reached at the International Civil Aviation Conference at Chicago appeared in our Dec. 4 issue, page 2628, 2629 and 2631.

NY Supreme Court Holds Suits Under SEC Subject to Jurisdiction of Federal Courts

Holding that the Federal Courts have exclusive jurisdiction over suits brought under the Securities Exchange Act, Supreme Court Justice Ferdinand Pecora in New York, dismissed on Dec. 12 five suits brought against five officers and directors of the American Distilling Co. It was noted in the New York "World Telegram" of Dec. 12, from which the foregoing is taken, that the ruling was the first in any New York State Supreme Court on the question of whether jurisdiction in such suits was vested solely in the Federal courts, or whether under the interpretation of the statute suits might be brought in either the State courts or the United States district courts.

According to the New York "Herald Tribune" of Dec. 13, the present proceeding is looked upon as a test case, and it was added that it is understood that the Pecora ruling is to be carried to the highest court in the State. From the "Herald Tribune" we also quote:

"The action was brought by the distilling company, with the Craftsman Finance and Mortgage Company, a minority stockholder, as intervener, to recover $296,812 from Russell R. Brown, company President and director; George W. Mitchell, Vice-President and Director; Samuel Rothberg, Vice-President; Henry C. Cole, Vice-President, Treasurer and director, and Thomas S. Brown, Secretary. There is no charge of mismanagement or official misconduct against the defendants.

"Sections of the Securities Exchange Act provide in a general way that no officers or directors of a corporation may use "inside knowledge" to profit from deals in a company's stock. It is provided that any profits accruing to an officer or director within six months of the purchase of such stock must be turned over to the company.

"The rules set forth also that upon demand of a stockholder, the company must sue for recovery of such profits and in case of the company's failure to do so, any stockholder could start suit. In this case the demand was made by the Craftsman Finance and Mortgage Company, a Massachusetts corporation, owning three shares of stock."

After tracing the history of the legislation said the New York "Times" of Dec. 13, the court ruled because of the provisions of Section 27, which in substance grants to the Federal Court "exclusive jurisdiction" over violations of rules and regulations, that "consistency of enforcement will more likely be achieved if the Federal courts retain exclusive jurisdiction."

Mail for France

It was made known on Dec. 2 by Postmaster Albert Goldman that according to information received from the Post Office Department at Washington, arrangements under which letters and packages prepaid at the letter rate of postage may be accepted up to a weight limit of 4 pounds 6 ounces, when addressed for delivery in the liberated areas of Continental France, to which limited mail service is in effect, were primarily for the transmission of written communications and related papers which may be of a bulky nature. It is emphasized that no merchandise, foodstuffs or printed matter of any kind may be included in such letters or packages, and it is added:

"With the exception of instructions relating to personal support remittances, communications of a financial or business character will, for the present, be restricted to those ascertaining facts and exchanging information, and enclosures of currency, checks drafts or securities are prohibited.'

Regarding mail service to liberated France, an earlier announcement (Nov. 6) by the Post Office Department said:

"Mail will be accepted for the whole of Continental France with the exception of the territory of Belfort and the Departments of Doubs, Meurth-et-Moselle, Meuse, Moselle, Bas-Rhin, Haut-Rhin, Haute-Saone and Vosges. The postage rate is 5 cents.

"The Treasury Department is making arrangements whereby personal support remittances to the limit of $500 per month may be sent to individuals in France through banking channels under General License Nos. 32 and 33, as soon as banks in this country are able to make the necessary arrangements with French banks Information regarding the transmission of such remittances may be secured by interested persons from their local banking institutions or the Federal Reserve Bank of their district. Currency, money orders, checks or drafts cannot be used for this purpose. Registration, air mail and parcel-post services are not yet available.

"It is no longer necessary for concerns in the United States and liberated France to obtain Treasury licenses to exchange financial and commercial information and establish business contacts. Creditors may communicate with their debtors in France. Banks, brokerage houses and other financial institutions may advise their customers and depositors in France of the status of their accounts Bank statements, financial records and commercial reports may be furnished. Wills, legal notices and birth, death and marriage certificates may be transmitted. Proxies may be solicited and signature cards may be obtained.

"Other than instructions relating to support remittances, however, business communications between the United and France for the time being are restricted to the ascertainment of facts and the exchange of information. Thus Treasury licenses will not be granted for the present for the sending to France of powers of attorney, executed proxies, payment instructions and other communications which are transactional in nature.

"Until now mail service with liberated France had been restricted to non-illustrated postcards on personal or family matters."

Justice Jackson to Speak at NY Meeting

Associate Justice Robert H Jackson of the U. S. Supreme Court will be a principal speaker at the 17th annual mid-winter meeting of the New York State Bankers Association on Monday Jan. 15, C. George Niebank, the Association's President and President of the Bank of Jamestown announced on Dec. 18. Justice Jackson, who was U. S. Attorney General prior to his nomination to the Supreme Court, will speak at the Association's annual dinner at the Waldorf-Astoria Hotel. His subject will be announced later Advance registration, it is announced, indicates that attendance at the mid-winter meeting will equal, and possibly surpass, the 1943 session at which 1,020 bankers, representing 600 of the Association's 720 member banks were present. At a daytime session the bankers will hear talks on banking's program for advancing adequate post-war credit to small business men and making loans to World War II veterans under the Servicemens Readjustment Act of 1944.

Savings Bank Deposits Increase in November

A gain in deposits of $80,405,6[illegible] for the mutual savings banks of New York State in November was reported on Dec. 12 by the Savings Banks Association, bringing the total deposit gain to $81[illegible]405,577 for the eleven months to date and the amount due depositors to an all-time high of $5,978,478,850. The advices from the Association also state:

"This gain also takes into account the $1,456,178 turned over to the State Comptroller, representing the deposits in 105,338 accounts which have been unclaimed for 15 years or more. The change in number of accounts shows a 78,217 net loss, indicating that exclusive of unclaimed deposits there was a gain of 27,[illegible] active new savings accounts.

"War Bond sales to the public in November—almost all 'E' bonds—were $18,993,935, a figure which unquestionably will be topped in December when complete War Loan results are in.

"As a result of the unprecedented flow of new savings the 131 mutual savings banks of New York State, up to the close of business on Dec. 9th, had subscribed for their own accounts to over $899,900,000 of bonds offered in the Sixth War Loan Drive. This is already a larger purchase than the banks made in any of the previous drives and it is expected that their final Sixth War Loan subscription figure will be over $1,000,000,000."

British Member of Combined Raw Materials Board to Retire

The Combined Raw Materials Board announced on Dec. 11 the retirement, effective Dec. 15, of Sir Charles Hambro as British Member of the board. His place will be taken by Sir Henry Self, who will also continue as United Kingdom Deputy on the Combined Production and Resources Board. Commenting on the retirement of Sir Charles, who has completed the tour of duty he originally undertook, William L. Batt, American Deputy of the Board, said he had brought to the work of the board a broad knowledge not only of British governmental practice but of British industry. Mr. Batt also said:

"His connection with the Ministry of Economic Warfare through the critical years of the war period had given to him an extensive background of experience in inter-governmental dealings, as well as in the field of materials. As Chairman of the Great Western Railway he had the fullest acceptance of British industry.

"In every phase of the Combined work calling for patience and understanding he has been a most helpful colleague, and the American members have been deeply appreciative of the point of view which he brought to their problems. He always presented the British position with firmness and conviction, but was quick to grasp the difficulties on the American side and invariably made great efforts to find suitable accommodation of the two. He has done much to contribute toward the broadening of the board's work internationally. To the staff on the American side he became a friend and valued collaborator and it is with the keenest of regret that they see him leave."

It was announced that George Archer will act as head of the British Raw Materials Mission and will be the deputy member on the Combined Raw Materials Board for Sir Henry Self. Sir Henry Self has served on the Combined Production and Resources Board since June, 19[illegible]. Prior to this appointment he had served as permanent secretary of the British Ministry of Production.

Canadian Financing of Part of British Export Deficit Advocated by McLeod

At the 113th annual meeting of shareholders of The Bank of Nova Scotia held in Halifax on Dec. 6, J. A. McLeod, President, said that apparently the only policy by which it will be possible for Canada to pass through the post-war transition period to an open and expanding system of international trade, is to provide special means of financing part of the British export deficit and to give British goods every feasible encouragement in the Canadian market. "Such special assistance in financing," he continued, "might take the form of mutual aid for particular reconstruction purposes in the transition period. To some extent it might take the form of credits under the new export credit legislation. It might also involve long-term loans at unusually low rates of interest. Whatever methods may be appropriate, some special means of financing is essential. The alternative is restriction of trade, depressed income, and unemployment."

He cited this trading problem as indicative of the much wider problem to be solved if international trade is to expand and thrive, and said that North American economy is far out of balance with the economies of war-torn Europe and Asia. Mr. McLeod further said:

"Until reconstruction is completed, much of the rest of the world will be incapable of paying for the goods which it wants from North America and which this continent is able and anxious to provide. If the United States and Canada are not prepared to deal with this financing problem on terms of what the rest of the world can reasonably meet, then we may be sure that the countries of Europe and Asia will seek their own solutions in policies of bilateralism and of regional and national self-sufficiency.

"For this continent, that would mean problems of surplus capacity and unemployment; it would doom Canada's hopes for a world order in which she could make the best use of her great capabilities. For the world, it would mean a lower standard of living and new causes of international friction."

According to Mr. McLeod there is a real danger of an inflationary short-lived boom after the war, followed by a sharp deflation, and because of this he said he believes the Government's intention of continuing to hold to the price ceiling principle so long as the inflationary pressures are powerful "should receive the support of the business community and the public generally."

H. D. Burns, General Manager of the bank, said that when war requirements are curtailed, some tax reductions should be expected. "In the sphere of corporation taxation, it is quite clear that the excess profits tax should be reduced with a view to its eventual elimination. It is an emergency tax and one which admittedly has very discouraging effects on business expansion. To those who argue that 'excess profits' should be taxed heavily as a matter of justice, it can be replied that corporations are impersonal entities and that income in the hands of the final recipients is already taxed at highly progressive rates."

Mr. Burns declared "Social security, useful public works, carefully timed decontrol, external trade policies, and Government measures designed to encourage enterprise and competition, should all help to achieve the goal of high post-war employment and better living standards. It is clear that Government has a vital role to play both in the transition from war to peace and more permanently. If Government failed to recognize its developing responsibilities in the economic and social spheres, private enterprise could not function efficiently and high employment would be out of the question. But let us remember that Government planning and control is not an end in itself and let us not stumble into the pitfall of setting Government and private enterprise in two opposed camps . . . Government and private activities should be complementary, not conflicting."

Senate Passes Bill Proposing River and Harbor Improvements

St. Lawrence Seaway Project Rejected

Action on the St. Lawrence Seaway and Power Project was disposed of, so far as the present session of Congress is concerned, on Dec. 12, when the Senate in approving the bill providing for a $500,000,000 program of post-war improvements to rivers and harbors rejected bv a vote of 56 to 25 an amendment to authorize the St. Lawrence Seaway.

In Associated Press advices from Washington on Dec. 12 it was stated:

A last-minute boost for the seaway from President Roosevelt failed to turn back the opposition. It came in the form of a telegram to Senator Aiken (Rep.-Vt.) who read it to the Senate just before the vote.

The message, answering an inquiry from the Vermont Senator, said:

"Of course I want action as soon as possible on the St. Lawrence Seaway. It is logical and inevitable. The quicker the better."

With the St. Lawrence amendment beaten, the Senate passed by voice vote the bill authorizing navigation, reclamation, hydroelectric power and other works. The measure already has passed the House, but because of differences it goes now to a joint Senate-House Conference Committee which will work out its final form.

Broad technical provisions similar to those in a post-war flood control bill passed a week ago were placed in the Rivers and Harbors bill.

These give State governments the right to review Federal projects, give irrigation preference over navigation works in arid States, and authorize disposition of surplus electricity at Government dams by the Interior Department.

Two big projects were eliminated, the $66,000,000 Tennessee-Tom-Bigbee Waterway and the $38,500,000 Beaver-Mahoning Canal in Pennsylvania and Ohio.

Among larger authorizations in the bill are the $25,000,000 Santee-Congaree River Development, North Carolina and South Carolina; the $58,000,000 Snake River, Oregon, Washington and Idaho program; the $60,000,000 Alabama-Coosa navigation program, Alabama and Georgia, and the $25,000,000 Illinois Waterway and Indiana Harbor Canal, Illinois.

The St. Lawrence Seaway project, it is stated, is expected to come up in the new session of Congress in January.

Results Of Treasury Bill Offering

The Secretary of the Treasury annouced on Dec. 18 that the tenders of $1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated Dec. 21 and to mature Mar. 22, 1945, which were offered on Dec. 15, were opened at the Federal Reserve Banks on Dec. 18.

The details of this issue are as follows:

Total applied for, $2,040,847,000.

Total accepted, $1,215,695,000 (includes $63,020,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(53% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 21 in the amount of $1,215,529,000.

Slattery Quits Rural Electrification Admin.

The resignation of Harry Slattery as Rural Electrification Administrator was announced on Dec. 11 by the White House. Mr. Slattery is said to have issued a statement in which he indicated that the appointment of a deputy administrator by Secretary of Agriculture Wickard with "coordinate" authority had the effect of displacing him.

The Associated Press also reported Mr. Slattery as saying:

"The President's order forbids Federal officials to engage in public controversies. Therefore, I have resigned in order to carry this fight to the public. This is all I have to say at this time."

From the Associated Press we likewise quote:

"The White House, in announcing the Slattery resignation, did not release the usual exchange of letters. No mention was made of a successor.

"The White House announcement said that Mr. Slattery submitted his resignation by letter early last week, asking that it be made effective at once. Mr. Roosevelt's acceptance was dated Dec. 8.

"Mr. Slattery, who is 57 years old, moved up from Under Secretary of the Interior to be head of the REA in 1939. He served in the Interior Department during a portion of the Wilson Administration and later assisted in Senate inquiries into the Teapot Dome and Elk Hills oil reserves.

For a time he was counsel to the National Boulder Dam Association and was Washington representative of the Power Authority of New York. He returned to the Interior Department in 1933.

Manufacturers Trust Co. Distributing Chronology of World War II

Manufacturers Trust Company. New York, is distributing a folder with the heading "A Chronology of World War II," which lists by dates the important events leading up to and during World War II, beginning with the Japanese attack on Manchuria on Sept. 18, 1931, and concluding with the great United States Naval Victory over the Japanese fleet in the Philippine Sea on Oct. 24, 1944. The folder also comprises tables of foreign exchange quotations, as well as the last available quotations in New York on currencies of enemy occupied or enemy countries.

Military Training Favored by President Seymour of Yale University

The conviction of the necessity of "a system of required military training for all able-bodied young men" as suggested recently by General Marshall was expressed on Dec. 7 by Charles Seymour, President of Yale University in his annual report to the Yale alumni. "In my opinion," said Dr. Seymour, "Congress should enact such a system, in order that the United States may escape the unpreparedness which has brought so great peril to us in the past and especially in this war." He added:

"The university, whatever the consequences, will have to adjust itself to its effects upon the training of youth. At all costs, the nation must possess the power to protect our freedom, without which there can be no liberal education."

Expressing the belief that the "first condition of a durable peace as well as of the security of American interests" was the settlement of outstanding issues with the British, Dr. Seymour, according to the Associated Press, further said:

"Only thus, can we proceed to the further necessity of jointly meeting and settling our political and economic relations with the Soviet Government, in order that the three greatest powers may be in accord as they face the general problems that touch the welfare of all the people of the world.

"Steps have been taken to establish a security organization and to study monetary problems. It is just as important to prepare plans for settling conflicting trade issues, shipping problems, international air navigation, tariff barriers, the international position of the smaller powers."

The same advices as contained in a New Haven account to the Hartford "Courant" likewise said:

"Giving an over-all picture of Yale for the academic year 1943-44, which Dr. Seymour says was marked "by the most complete transformation of undergraduate Yale into a military and naval training school," the report adds:

"Those who foresaw that Yale would become an empty shell as a result of war conditions have found their prophecies belied. Never in her history has Yale, in whole or in part, been responsible for so many students."

From the New York "Sun" of Dec. 6 we take the following (Associated Press):

Looking into the future, Dr. Seymour said that there was an obligation on the part of the university to extend aid to the needs of the community and to institutions outside the university halls, so as to work more closely with the agencies of the State and national Governments and industry.

He warned, however, against the tendency "to turn the university into a general service station ready to answer any hurry calls from the outside world. Our first obligation is to scholarship and to liberal education of our students." Yale disagreed, he added, with those who demanded that the university be revolutionized by stressing unitilitarian subjects. "We propose to maintain a general course of study calculated to produce humane characteristics."

Mid-Winter Meeting of Executive Council Of AIB Jan. 21-23 in Jacksonville, Fla.

The annual mid-winter meeting of the Executive Council of the American Institute of Banking will be held at Jacksonville, Fla., Jan. 21-23, inclusive, it was announced on Dec. 4 by William C. Way, President of the Institute, who is also Trust Officer of the Central National Bank of Cleveland, O. Principal among topics to be discussed during the three days will be extension of the study group courses which are now making AIB training available to bank staffs outside of chapter territory, and the Job Relations program which has been initiated throughout the country by the Institute. In addition the Council will discuss plans for aiding returning members of the armed forces, who were drawn from bank staffs, to readjust themselves in the banking business.

The Executive Council of the AIB is composed of 15 members, 12 of whom are elected to three-year terms to represent the 300 chapters and study groups of the Institute in various sections of the country. The Institute's President, Vice-President, and immediate past President are the other three members of the Council.

Members of the Council are: AIB President, William C. Way, Trust Officer, Central National Bank, Cleveland, O.; Vice-President, David T. Scott, Assistant Cashier, the First National Bank of Boston, Mass.; immediate past President, David L. Colby, Assistant Vice-President, the Boatmen's National Bank, St. Louis, Mo.

Other members are: Edward C. Boyer, National Bank of Commerce in New Orleans, La.; Howard R. Chamberlain, Rochester Trust & Safe Deposit Co., Rochester, N. Y.; W. Howard Martie, Farmers Deposit National Bank, Pittsburgh, Pa.; Herbert E. Widenhofer, Fort Wayne National Bank, Fort Wayne, Ind.; Floyd L. Geyer, California Bank, Los Angeles, Cal.; George J. Greenwood, Jr., the Bank of California National Association, Portland, Ore.; Herman W. Kilman, Federal Reserve Bank of Dallas, Texas; S. J. Kryzsko, the Winona National & Savings Bank, Winona, Minn.; Walton L. Sanderson, Hamilton National Bank, Washington, D. C.; Everett C. Stevenson, First National Bank & Trust Co., Freeport, N. Y.; Albert O. Werner, Industrial National Bank, Detroit, Mich., and T. S. Wiggins, National Bank of Commerce, Memphis, Tenn.

Dr. William A. Irwin, National Educational Director of the AIB, who was also recently appointed as economist of the American Banking Association, and Floyd W. Larson, National Secretary, as well as Leroy Lewis, Assistant Educational Director, and Robert C. Rutherford, Assistant to the Secretary, will also attend the three-day meeting. The Executive Council sessions will be preceded by meetings of the seven Council committees on Jan. 20. These committees include: Budget, Chapter, Administration, Education, Advisory, Nominating, and Transportation. Headquarters for the meeting will be the Roosevelt Hotel in Jacksonville.

Hancock President of Commodity Credit Corp.

War Food Administrator Marvin Jones announced on Dec. 15 the designation of Frank Hancock, former North Carolina representative, as President of the Commodity Credit Corporation. Reporting this Associated Press advices from Washington said:

"Mr. Hancock, a native of Oxford, N. C., succeeds J. B. Hutson, who last week was named assistant to War Mobilization Director James F. Byrnes to plan agriculture's reconversion to peacetime conditions.

"Hancock has been Farm Security Administrator during the past year. He will continue to hold this post as well as the Presidency of the CCC.

The State of Trade

(Continued from page 2738)

jumped nearly 90,000 tons since September and is scheduled to be further increased over present levels to the tune of more than 200,000 tons a month by March, 1945. Should Germany still remain to be defeated by that time, even greater additional tonnages are expected to be sought.

The brunt of the shell steel burden will fall upon mills whose plate schedules have been sharply cut back. Other flat rolled products, particularly hot rolled sheets, are competing for space made available by the drop in plate tonnage on continuous mills, the magazine discloses.

Carryovers are mounting as a result of the shell steel program, especially on regular and quality steel bars, with producers viewing the situation as acute. Directives have been necessary to secure scheduling of structurals for many important projects and currently there is no sign that the situation will improve. Galvanized sheet delivery schedules, now greatly over-extended, are being stressed further by Army requirements for corrugated culvert pipe.

Activity marked the railroad freight building market the past week, despite the expected cancellation by the Army of practically all of its 1945 railroad car building program. Army freight orders for about 26,000 units, scheduled for 1945 will be cut to 4,800. The Army, it is reported, has several thousand finished cars in this country which will go into service before any new orders are placed or before any outstanding orders are authorized.

On the domestic car market, total orders placed from Oct. 1 to Dec. 1 approximate 40,000 units, and since Dec. 1 an additional 10,000 cars have been placed, but must await approval by the WPB Transportation Equipment Branch before construction will begin. The heavy war toll on railroad equipment has caused some car builders to look for a post-war market somewhere in the neighborhood of 100,000 cars a year for at least five years, the magazine states.

Coincident with the increased demand for war steel, the promise of a longer war in Europe and the rise in the steel ingot rate, scrap prices are hitting the ceiling in practically every district this week. "The Iron Age" steel scrap composite price is up 50 cents a gross ton this week to $19.17 a gross ton.

The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 96.3% of capacity for the week beginning Dec. 18, compared with 96.9% one week ago and 93.0% for the same week last year. This week's operating rate is equivalent to 1,732,400 tons of steel ingots and castings, compared with 1,743,200 net tons last week and 1,620,900 tons one year ago.

Electric Production — The Edison Electric Institute reports that the output of electriciy increased to approximately 4,538,012,000 kwh. in the week ended Dec. 9 from 4,524,257,000 kwh. in the preceding week. The latest figures approximate a decline of 0.6% from the level of one year ago, when output reached 4,566,905,000 kwh.

Consolidated Edison Co. of New York reports system output of 188,100,000 kwh. in the week ended Dec. 10, 1944, comparing with 223,900,000 kwh. for the corresponding week of 1943, or a decrease of 16.0%.

Local distribution of electricity amounted to 182,100,000 kwh., compared with 220,600,000 kwh. for the corresponding week of last year, a decrease of 17.4%.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Dec. 9 totaled 793,554 cars, the Association of American Railroads announced. This was a decrease of 14,706 cars, or 1.8% below the preceding week this year, and a decrease of 29,757 cars, or 3.6% below the corresponding week of 1943. Compared with a similar period in 1942, an increase of 49,371 cars, or 6.6%, is shown.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ended Dec. 9, 1944, at 1,140,000 tons, a decrease of 53,000 tons (4.4%) from the preceding week, and a decrease of 81,000 tons, or 6.6% below the corresponding week of 1943. The 1944 calendar year to date shows an increase of 6.4% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Dec. 9 at 11,930,000 net tons, an increase of 95,000 tons above the output in the week preceding, which totaled 11,835,000 net tons. Production in the corresponding week of last year amounted to 13,540,000 net tons (the highest for that year), while output for Jan. 1 to Dec. 9, 1944, totaled 588,695,000 net tons, an increase of 5.7% over the 557,143,000 tons mined in the same 1943 period.

Estimated production of beehive coke in the United States for the week ended Dec. 9, 1944, as reported by the same source, showed a decrease of 2,600 tons when compared with the output for the week ended Dec. 2, last, and 57,700 tons less than for the corresponding week of 1943.

Cotton Consumption in November—According to a report of the Census Bureau, last week, cotton consumed in November totaled 836,541 bales of lint and 122,304 bales of linters. This compared with 759,379 bales of lint and 125,722 bales of linters in October and 858,877 bales of lint and 103,679 bales of linters in November, 1943.

For the four months ending Nov. 30 consumption totaled 3,266,496 bales of lint and 494,519 bales of linters against 3,421,212 bales of lint and 445,916 bales of linters in November, 1943.

Cotton on hand in consuming establishments on Nov. 30, last, amounted to 2,209,694 bales of lint and 232,113 bales of linters, against 2,389,227 and 438,102 a year ago. Total bales in public storage and at compresses were 13,185,606 bales of lint and 24,415 bales of linters, compared with 12,950,983 and 62,433 a year ago.

Cotton spindles active during November numbered 22,257,040, compared with 22,615,732 in November one year ago.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 484 reporting mills were 0.5% below production for the week ended Dec. 9, while new orders of these mills were 0.9% more than production. Unfilled orders files amounted to 86% of stocks.

For 1944 to date, shipments of reporting identical mills exceeded production by 2.7% and orders ran 4.0% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 29.9% greater, shipments 40.0% greater, and orders 22.5% greater.

Crude Oil Production — Daily average gross crude oil production for the week ended Dec. 9, as estimated by the American Petroleum Institute, was 4,704,450 barrels. This represented a decrease of 8,450 barrels per day under the preceding week and 17,650 barrels lower than the daily average figure recommended by the Petroleum Administration for War for the month of December, 1944. When compared with the corresponding week last year, crude oil production was 327,750 barrels per day higher. For the four weeks ended Dec. 9, 1944, daily output averaged 4,723,050 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,552,000 barrels of crude oil daily and produced 14,611,000 barrels of gasoline. Kerosene output totaled 1,454,000 barrels, with distillate fuel oil placed at 4,056,000 barrels and residual fuel oil at 8,923,000 barrels during the week ended Dec. 9, 1944. Storage supplies at the week-end totaled 80,880,000 barrels of gasoline, 12,983,000 barrels of kerosene, 44,436,000 barrels of distillate fuel, and 60,458,000 barrels of residual fuel oil.

Paper Production — Paper production for the week ended Dec. 9 was at 93.6% of capacity, as against 92.2% of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Dec. 11, last year, was 88.9% of capacity. As for paperboard, production for the same period was reported at 95% of capacity, a rise of one point from the precious week.

Silver—Legislation extending until Dec. 31, 1945, the authority to use Treasury-owned silver for war and essential civilian purposes (Green Act) was passed by the House on Dec. 8. The measure has been sent to the President. The London market for silver the past week was unchanged at 23½d. The New York Official for foreign silver continued at 44¾ cents, with domestic silver at 70⅝ cents.

October Hardware Sales Higher —October, 1944, sales of independent retail hardware stores and wholesale hardware distributors in all parts of the United States showed good gains over the same month last year, the "Hardware Age" reported on Wednesday of this week in its every-other-Thursday market summary. Based on reports from 1,180 independent retail hardware stores, in all parts of the country, sales in October, 1944, averaged a 12% increase over the same period in 1943. October sales averaged 4% over the September volume this year. Cumulative sales for the first 10 months of 1944 averaged 9% more than for the same months in 1943.

Wholesale hardware distributors' sales in October, 1944, averaged 7% more than for the same month in 1943. Cumulative sales for the first 10 months of this year, according to reports from a majority of the hardware wholesalers in this country, were 2% over those for the same months last year. Inventories showed a 6% increase. Wholesale hardware house accounts receivables were 4% higher than for October, 1943. Accounts receivable collection percentages showed a good gain over the same month last year.

Retail and Wholesale Trade—Christmas buying the past week, as in previous weeks, lifted the retail sales volume to higher levels and, according to Dun & Bradstreet, Inc., store purchases throughout the country were 10% to 14% ahead of last year.

Supplies in general showed evidence of holding up well, but in such items as lingerie and toys a shortage is developing and stocks in these categories growing rapidly less. Despite heavy snows and other adverse weather conditions in various parts of the country, sales were being well maintained.

For the different regions of the country gains were all substantial, running from 10% to 15% in the New England district. Other percentages gained were 12% to 16% in the East, 6% to 9% in the Middle West, 8% to 10% in the Northwest, 14% to 17% in the South, 13% to 17% in the Southwest, and 10% to 14% on the Pacific Coast.

All gift merchandise was in demand, Dun & Bradstreet reported, and pointed especially to activity in accessories, apparel for men, women and children, toys, stationery, books, cosmetics and furnishings for the home.

Food volume was above the level of a year ago, with canned goods high, while some dairy products were short.

Wholesale activity remained steady, approximating that of recent weeks, with levels well above those of 1943.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 22% ahead of a year ago for the week ended Dec. 9. This compared with 13% in the preceding week. For the four weeks ended Dec. 9, 1944, sales increased by 16%. A 10% increase in department store sales for the year to Dec. 9, 1944, over 1943, was also noted.

Peak proportions were reached here in New York last week in Christmas trade, with expectations good for a continued heavy volume. Department store sales, according to estimates, placed the volume at about 22% or more ahead of the like week of 1943. In specialty and chain stores large sales totals were also the rule.

Unsettled conditions characterized wholesale markets the past week, with spring deliveries growing increasingly more uncertain, the New York "Times" reports. As a result of the worsted freeze order further complications developed to make a bad condition worse.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Dec. 9 increased by 21% over the same period of last year. This compared with 9% in the preceding week. For the four weeks ended Dec. 9 sales rose by 13%, and for the year to Dec. 9 they improved by 9%.

Eight Principles in International Trade Set Forth by N. Y. Board of Trade Group

At a meeting on Dec. 8, the Executive Committee of the International Trade Section of the New York Board of Trade, received and adopted a report of a special committee, setting forth eight principles to promote American International Trade. The principles enunciated have been sent to the President of the United States, to members of Congress, and to the administrative heads of agencies having jurisdiction over international trade.

In the declaration of Principles in International Trade it is stated that:

"The International Trade Section of the New York Board of Trade, Inc., after weighing claims for planned economy in the conduct of commerce with other nations, affirms its emphatic confidence in private enterprise as the most effective system for production of the greatest quantities of goods determined by free decision of people and not government agencies, as needed, and in accordance with their individual wishes and as the best method, based on competitve abilities and not official edicts, to bring these desired goods within reach of the largest number of people everywhere to create a true prosperity in terms of desirable products throughout the world."

The declaration goes on to say:

"The Committee, while recognizing the benefits of reciprocal trade agreements in normally stimulating the flow of goods between other nations and our own as a result of mutually lowered tariff barriers, believes that it would be amiss to fail in interpretation of present controls incident to priority, import, export, and exchange permits as well as quotas as more destructive than even high tariffs to our world trade if continued with return of peace, and

"The Committee also feels that international monetary stabilization is the result of action by nations individually and that an effective start can be best made in our own country first by endeavoring to bring into balance as soon as possible our national budget and definitely according to the dollar itself a specific value in a fixed quantity of gold on the assumption that other nations following a similar procedure with regard to their national budgets and currencies will have little trouble in the course of natural events to bring about a rigid exchange value of their currencies with ours and we in turn with theirs, and

"Toward attainment of international monetary stabilization by actions of nations individually, a proper perspective will be required of money as a sound measure to evaluate various commodities that enter world trade and that for this measuring, no better device than gold has yet been found, especially if payment for goods with goods is given full sway, as occurs with normal exchanges of commodities among nations.

"Therefore:

"1. The International Trade Section, New York Board of Trade, Inc., believes in a private and free enterprise system as necessary for the successful development and expansion of international trade.

"2. It believes in and urges the removal, at the earliest possible moment, of all export and import controls and obstacles, restrictions and barriers to the normal development of international trade.

"3. It believes that the Foreign Economic Administration, through its subsidiary, the U. S. Commercial Corporation, should cease buying and selling after the war, and further that the agency retain no control whatsoever over foreign trade for one day longer than is necessary in the prosecution of the war effort.

"4. It commends the efforts of the U. S. Department of State to remove such controls as are detrimental to international trade promotion and development, and urges that the State Department make representations to the governments of other nations towards the curtailment and early complete abolishment of barriers to international trade promotion.

"5. It urges that representattions be made to the Congress of the United States for the extension, in its present form, of the Reciprocal Trade Agreements Program beyond June, 1945.

"6. It urges Congress to appropriate necessary and sufficient funds to maintain an efficient Commercial Attache Service.

"7. It advocates close cooperation with all agencies engaged in the promotion of international trade to bring back that trade to private interests at the earliest possible moment.

"8. It favors a stable dollar with a fixed quantity of gold as a needed instrument and aid in measuring and stimulating our commerce with the world."

Dumbarton Oaks Peace Proposal Approved in Principle by Federal Council of Churches

The Dumbarton Oaks proposals for lasting peace were approved in prinicple on Nov. 28 at Pittsburgh by the Federal Council of the Churches of Christ in America, the Council, however, pointed to certain shortcomings of the proposed world security organization which might necessitate modifications. This is learned from Associated Press advices from Pittsburgh, published in the New York "Herald "Tribune," which went on to say:

The Council, meeting in biennial session here, adopted a resolution in which it commended the plan to its communicants "with full recognition of its present limitations and with determination to overcome them."

Signed by representatives of 25 Council denominations, the resolution was adopted following an address by John Foster Dulles, Chairman of the Council's Commission on a just and durable peace, who served as foreign affairs adviser to Governor Thomas E. Dewey, of New York, during the Presidential campaign.

"We can feel encouraged," Mr. Dulles said. "The Dumbarton Oaks proposals contain great possibilities. The Economic and Social Council and related agencies can do much to develop fellowship among the nations." . . .

The resolution recognized "that transition from international anarchy to a complete constitutional world order cannot occur at a single step." Defects cited by the resolution were:

1. "The organization proposed has many of the characteristics of a military alliance of a few great powers."

2. "Certain provisions seem to envisage a division of the world into regional spheres of influence dominated by one or another of the great powers."

3. "Reliance is placed primarily on force unrelated to any explicitly agreed upon principles of justice."

"Further," the resolution stated, "the proposed organization should be adequately endowed with curative functions needed to deal with the causes of war and with creative functions needed to draw the nations together in fellowship.

"With all of these defects, the proposals do, however, have the great merit of providing for a continuing and virtually constant consultation of representatives of the great power and of selected lesser powers under conditions which will subject what is done to the moral judgment of mankind."

Any plan which would deprive Germany and Japan of the right to a normal existence must be opposed by the Church, a 25,000-word report presented to the Council said.

The report was drawn up by a special commission established two years ago to study the relation of the church to the war. It was presented by Professor Robert L. Calhoun, of Yale University, Chairman.

Commends Planning by Govt., Industry, Labor To Further Post-War Industrial Activity

The belief that for the first time in history there had been "forward-looking thinking and planning on the part of the Government, industry and labor to shorten and cushion the transition period and project a high level of industrial activity and employment at good wages for the post-war years," was expressed on Dec. 8 by Edward Hopkinson Jr., senior member of Drexel & Co., investment bankers of Philadelphia, testifying before a trial examiner of the Securities and Exchange Commission. This was reported in special advices to the New York "Times" from Philadelphia Dec. 8, which noted that in his highly optimistic appraisal of post-war prospects of the nation, Mr. Hopkinson went on to say that annual earnings of $6,000,000 on the common stock of a reorganized Buffalo, Niagara & Eastern Power Corp. would justify the stock allocation proposed for the company in the reorganization plans filed for it by its parent, Niagara Hudson Power Co. He said a much higher estimate could be justified.

According to the same advices Mr. Hopkinson took issue with Dr. Norman R. Gibson, Vice President and chief engineer of Buffalo, Niagara & Eastern, who estimated prospective post-war earnings of $5,000,000 for the company after an omnibus contingency reserve.

The "Times" advices went on to say:

Repeal of the excess profits tax and some modification of the corporate normal income tax will be the first post-war tax change, Mr. Hopkinson predicted. This is clearly indicated, he added, not only from tax planning by unofficial but important research groups, but is the declared policy of a comprehensive governmental report issued by a special committee of the House of Reprsentatives.

"Except to check a post-war inflationary boom, a corporation tax rate ranging down from 35% represents the best thinking today," Mr. Hopkinson said. "And I want to emphasize 'down' because I am reasonably sure that if the readjustment period be delayed, a stimulus to production and employment will be supplied by Congress in the form of a lower business tax." He added that the 40% tax rate assumed by the SEC in a number of earlier reorganization cases was not now likely even for the first post-war year.

Nov. Cotton Consumption

The Census Bureau at Washington on Dec. 15 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of November.

In the month of November, 1944, cotton consumed amounted to 836,541 bales of lint and 122,304 bales of linters as compared with 795,379 bales of lint and 125,722 bales of linters in October, this year, and 858,877 bales of lint and 109,679 bales of linters in November, last year.

In the four months ending Nov. 30, cotton consumption was 3.266,496 bales of lint and 445,916 bales of linters, compared with 3,421,212 bales of lint and 445.916 bales of linters in the corresponding period a year ago.

There were 2,209,694 bales of lint and 232,113 bales of linters on hand in consuming establishments on Nov. 30, 1944, which compares with 1,976,720 bales of lint and 211,930 bales of linters on Oct. 31, 1944, and with 2,389,227 bales of lint and 438.102 bales of linters on Nov. 30, 1943.

On hand in public storage and at compresses on Nov. 30, 1944, there were 13.185,606 bales of lint and 24,515 bales of linters, which compares with 11.991,770 bales of lint and 27.932 bales of linters on Oct. 31 and 12,950.983 bales of lint and 53.336 bales of linters on Nov. 30, 1943.

There were 22,257,040 cotton spindles active during November, 1944, which compares with 22,228.138 cotton spindles active during October, 1944, and with 22.615.732 active cotton spindles during November, 1943.

Klem Appointed Treas. of N.Y. Stock Exchange

Gray, Franklin Promoted

Emil Schram, President of the New York Stock Exchange, announced on Dec. 14 the following changes in the executive staff, effective on Jan. 1 next. These changes were approved by the Board of Governors at its meeting this afternoon.

Edward C. Gray, promoted from Assistant Vice-President to Vice-President. Mr. Gray will continue as Director of the Department of Member Firms.

Arthur H. Franklin, promoted from Treasurer of the Exchange to First Vice-President of the Stock Clearing Corporation. Mr. Franklin succeeds John Dassau, who has resigned as First Vice-President of the Stock Clearing Corporation effective Dec. 31, 1944, to become a partner in the Stock Exchange member firm of Ungerleider & Company.

Charles Klem, Assistant Vice-President, also appointed Treasurer of the Exchange, succeeding Mr. Franklin.

Regarding the affiliation of the above with the Exchange, the announcement says:

"Mr. Gray was first employed by the Exchange in 1918 after having been graduated from New York University. Prior to the reorganization of the Exchange in 1938 he was for three years Secretary to the former Committee of Business Conduct. From that position he advanced, in 1940, to the position of Director of the Department of Member Firms. He was made an Assistant Vice-President last year.

"Mr. Franklin has been Treasurer of the Exchange since 1940. He entered the employ of the Exchange in 1928 as an Accountant, subsequently becoming Assistant Chief Accountant, Chief Assistant to the Controller and, in 1938, Assistant Treasurer.

"Mr. Dassau has been associated with the Exchange since 1928, first as an Accountant, then as Controller, later as Treasurer and, since 1940, as First Vice-President of the Stock Clearing Corporation. He has also served as Treasurer of the subsidiary companies of the Exchange.

"Mr. Klem entered the employ of the Exchange in 1922. From 1932 to 1938 he was Assistant Director of the Department of Public Relations. Following the reorganization of the Exchange, he was appointed Assistant Secretary. In the early part of 1941 Mr. Schram detached him from his duties in the Secretary's office to work as a member of the President's staff on financial and budgetary problems. He was made an Assistant Vice-President in 1943."

Railroad Employees Now Total 1,409,231

Employees of Class I railroads of the United States, as of the middle of November, 1944, amounted to 1,409,231, an increase of 3.53% compared with the corresponding month of 1943, but a decrease of 0.03% under October, 1944, according to a report just issued by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission.

The percentages of increase over November, 1943, are:

Executives, officials, and staff assistants, 2.89; professional, clerical, and general, 3.17; maintenance of way and structures, 8.84; maintenance of equipment and stores, 2.90; transportation (other than train, engine, and yard), 2.65; transportation (yardmasters, switchtenders, and hostlers), 3.84, and transportation (train and engine service), 0.41.

Congress Passes Flood Control Bill—Establishes Missouri Valley Authority

Following the adoption by the Senate on Dec. 1 by a voice vote of the bill authorizing post-war construction of certain public works on rivers and harbors for flood control, at a cost of $1,000,000,000, the legislation, previously adopted by the House, was sent to conference; the conference report was approved on Dec. 12 by both the House and Senate, the latter thereupon sending the bill to the White House. Among other things the bill authorizes the development of the Missouri River basin under an integrated program prepared by the Reclamation Bureau and the Army engineers. This program, calling for a first authorization of $200,000,000, it was noted in Associated Press advices was recommended by President Roosevelt, who also suggested establishment of a Missouri Valley Authority as the administrative agency. The latter proposal was sidetracked for action by the new Congress. From the Associated Press Washington account Dec. 9 we also quote:

"The measure authorizes a $30,000,000 Connecticut River program; $36.000,000 for the Roanoke River basin; $35,500,000 for the Savannah River basin; $200,000,000 for the lower Mississippi River basin; $35,000,000 for the Arkansas River basin; $70,000,000 for the Ohio River basin.

"A section stipulating that projects should be handled by 'existing Federal agencies' was eliminated on the theory that it might impede development of regional authorities.

"But the Committee retained provisions allowing State review of Federal works, giving irrigation preference over navigation in arid sections, and permitting the Secretary of the Interior to dispose of surplus power at hydroelectric projects."

Philadelphia Bank Credit Group Names Committee

Members of the $10,000,000 Bank Credit Group of Philadelphia, which was recently formed for the purpose of financing small and medium sized business concerns, at a meeting on Dec. 14 elected J. William Hardt, Vice-President of The Philadelphia National Bank of Philadelphia, Pa., as Chairman of the Credit Committee. Anthony G. Felix, Vice-President of the Pennsylvania Company for Insurances on Lives and Granting Annuities, is Vice Chairman; and O. Howard Wolfe who for the past three years has been in the service of the United States Government on leave of absence from his duties as a Vice-President of The Philadelphia National Bank, is Secretary.

The credit committee, which is made up of officers from each member bank, and which will pass upon the applications for loans, has appointed a sub-committee of five members to see that these applications are in proper form for presentation to the credit committee. The sub-committee consists of Messrs. Hardt: Felix J. J. Caprano, Vice-President of the Corn Exchange National Bank & Trust Company; Charles S Krumrine, President of the Liberty Title and Trust Company and J. Wilson Steinmetz, President of the Ninth Bank & Trust Company.

In commenting on the plans for the operation of the credit committee, Mr. Hardt stated that the group is now ready to accept applications on behalf of small or medium sized businesses in need of credit during the present reconversion period and pointed out that these applications are to be made only through a bank, preferably the applicant's own bank of deposit, which, in turn, will present the application to the credit committee of the bank credit group. The Philadelphia group will serve the entire Third (Philadelphia) Federal Reserve District, which includes Philadelphia, the portion of Pennsylvania east of Johnstown, all New Jersey south of Trenton, and the State of Delaware, although the group is prepared to consider applications from originating banks outside of that territory.

Previous items regarding the new Credit Group appeared in our issues of Oct. 19, page 1691, and Nov. 23, page 2271.

Business Failures in October Lower

Business failures in October were lower in number and amount of liabilities involved than in September. When compared with October a year ago, the number of failures is smaller but the amount of liabilities involved is larger. Business insolvencies, according to Dun & Bradstreet, Inc., totaled 74 and involved $3.819.000 liabilities as compared with 75 in September involving $4.065,000 liabilities and 169 involving $3,785,000 in October a year ago.

The manufacturing group was the only group that had more failures and liabilities involved in October than in September.

Manufacturing failures last month numbered 30, involving $3,521,000 liabilities, compared with 24 in September with $3.288.000 liabilities. Wholesale failures numbered 4 against 5 in September and liabilities decreased to $19,000 from $188,000 in September. In the retail trade section insolvencies decreased from 26 to 25 and liabilities from $161,000 to $156,000. Construction failures numbered 11 in October against 12 in September and liabilities $80,000 in October as compared with $273,000 in September. Commercial service failures were down to 4 in October with liabilities of $43,000 from 8 in September with liabilities of $155,000.

When the country is divided into Federal Reserve districts it is found that the Philadelphia, Chicago, St. Louis and San Francisco Reserve districts had more failures in October than in September, the Boston Reserve district had the same number, the Richmond and Dallas Reserve districts did not report any and the remaining districts had fewer failures in October than in September. When the amount of liabilities involved is considered, it is found that the Atlanta, Chicago, Minneapolis, Kansas City and Dallas Reserve districts had less liabilities involved in October than in September, while all of the remaining districts had more except the Richmond Reserve district, which again is distinguished by not having any failures.

Export Freight Movement

Cars of export freight, excluding coal and grain, handled through United States ports totaled 156,665 in the month of November, compared with 133,537 cars in November, 1943, or an increase of 17%, the Association of American Railroads announced Dec. 14. The current figure also compares with 167,299 cars in October of this year.

Export grain unloaded at the ports totaled 3.386, compared with 4.772 in November, 1943, or a decrease of 29%.

The railroads handled 376 carloads of coastal freight in November, 1944 compared with 781 in the same month in 1943, or a decrease of 52%.

The total of 160,427 cars of export and coastal freight, excluding coal, handled through the ports represented an average daily unloading of 5.348 cars. This is the ninth consecutive month that the average daily unloading has exceeded 5.000 cars.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Dec. 19	120.30	113.50	118.80	118.00	113.70	104.48	108.70	113.89	118.20
18	120.30	113.50	119.00	118.00	113.50	104.48	108.70	113.89	118.20
16	120.23	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.00
15	120.17	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.00
14	120.12	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.20
13	120.12	113.31	119.00	117.80	113.31	104.31	108.52	113.70	118.20
12	120.12	113.50	119.20	117.80	113.50	104.31	108.52	113.89	118.20
11	120.12	113.31	119.00	117.80	113.50	104.14	108.52	113.70	118.20
9	120.09	113.31	119.00	117.80	113.31	104.14	108.34	113.70	118.20
8	120.09	113.31	119.00	117.80	113.31	104.14	108.34	113.70	118.20
7	120.12	113.31	118.80	118.00	113.31	104.14	108.34	113.70	118.20
6	120.09	113.31	118.80	118.00	113.31	104.14	108.34	113.89	118.00
5	120.03	113.31	118.80	117.80	113.31	104.14	108.34	113.89	118.00
4	120.00	113.31	118.80	117.80	113.31	104.14	108.16	113.89	118.00
2	119.97	113.31	118.80	117.80	113.50	104.14	108.16	113.89	118.00
1	119.95	113.31	118.80	117.80	113.50	104.14	108.34	113.89	118.20
Nov. 24	119.93	112.93	118.60	117.20	113.12	103.80	107.98	113.50	117.80
17	119.97	112.93	118.60	117.20	113.12	103.64	107.80	113.50	117.60
10	119.77	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.40
3	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
Oct. 27	119.33	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.20
20	119.55	112.75	118.60	116.80	112.93	103.64	107.44	113.50	117.40
13	119.61	112.75	113.60	117.00	112.93	103.47	107.27	114.08	117.20
6	119.52	112.75	118.60	117.00	112.75	103.30	106.92	114.08	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
22	119.22	112.56	118.60	117.20	112.37	103.13	106.74	114.08	117.20
15	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	113.50	119.20	118.00	113.70	104.48	108.70	114.27	118.20
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
Dec. 18, 1943	119.55	110.52	118.20	115.82	110.70	98.88	103.13	113.12	115.82
2 Years Ago									
Dec. 19, 1942	116.78	107.27	116.80	113.89	108.88	92.06	96.85	111.81	114.27

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Dec. 19	1.81	2.93	2.71	2.75	2.97	3.48	3.24	2.96	2.74
18	1.81	2.98	2.70	2.75	2.98	3.48	3.24	2.96	2.74
16	1.82	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.75
15	1.82	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.75
14	1.83	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.74
13	1.83	2.99	2.70	2.76	2.99	3.49	3.25	2.97	2.74
12	1.83	2.98	2.69	2.76	2.98	3.49	3.25	2.96	2.74
11	1.83	2.99	2.70	2.76	2.98	3.50	3.25	2.97	2.74
9	1.83	2.99	2.70	2.76	2.99	3.50	3.26	2.97	2.74
8	1.83	2.99	2.70	2.76	2.99	3.50	3.26	2.97	2.74
7	1.83	2.99	2.71	2.75	2.99	3.50	3.26	2.97	2.74
6	1.83	2.99	2.71	2.75	2.99	3.50	3.26	2.96	2.75
5	1.83	2.99	2.71	2.76	2.99	3.50	3.26	2.96	2.75
4	1.84	2.99	2.71	2.76	2.99	3.50	3.27	2.96	2.75
2	1.84	2.99	2.71	2.76	2.98	3.50	3.27	2.96	2.75
1	1.84	2.99	2.71	2.76	2.98	3.50	3.26	2.96	2.74
Nov. 24	1.84	3.01	2.72	2.79	3.00	3.52	3.28	2.98	2.76
17	1.84	3.01	2.72	2.79	3.00	3.53	3.29	2.98	2.77
10	1.86	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.78
3	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
Oct. 27	1.89	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.79
20	1.86	3.02	2.72	2.81	3.01	3.53	3.31	2.98	2.78
13	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
6	1.85	3.02	2.72	2.80	3.02	3.55	3.34	2.95	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
22	1.86	3.03	2.72	2.79	3.04	3.56	3.35	2.95	2.79
15	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	2.98	2.69	2.75	2.97	3.48	3.24	2.94	2.74
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
Dec. 18, 1943	1.86	3.14	2.74	2.86	3.13	3.82	3.56	3.00	2.86
2 Years Ago									
Dec. 19, 1942	2.08	3.32	2.81	2.96	3.23	4.27	3.95	3.07	2.94

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Graduate School of Banking Theses

Twenty-nine theses prepared by members of the graduating class of 1944 of the Graduate School of Banking of the American Bankers Association have been added to the permanent collection of G.S.B. theses in the library of the Association, it is announced by Dr. Harold Stonier, Executive Manager of the Association, who is Director of the school. The advices from the ABA Dec. 5, added:

"These theses are available for tudy and examination by bank officers and members of bank taffs and may be secured for one week's use upon written application through the Association's library at 22 East 40th Street, New York 16, New York. In all, 351 especially selected theses written by students of the graduate school in fulfilment of one of the school's graduation requirements are now available through the ABA library.

"To be placed in the library's collection, a thesis must be passed upon and recommended for that purpose by a faculty board of the Graduate School of Banking."

Electric Output for Week Ended Dec. 16, 1944 Declined 1.1% Below the Same Week in 1943

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Dec. 16, 1944 was approximately 4,563,079,000 kwh., compared with 4,612,994,000 kwh. in the corresponding week a year ago, a falling off of 1.1%. The output of the week ended Dec. 9, 1944, was 0.6% below that in the similar period in 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Dec. 16	Dec. 9	Dec. 2	Nov. 25
New England	1.3	0.8	1.8	1.7
Middle Atlantic	*4.0	*4.6	*3.7	*4.6
Central Industrial	1.6	2.3	2.5	1.6
West Central	9.4	7.5	5.1	7.1
Southern States	2.0	2.4	2.3	2.9
Rocky Mountain	*10.4	*8.0	*10.9	*10.5
Pacific Coast	*4.6	*2.9	*4.0	*2.5
Total United States	*1.1	*0.6	*0.8	*0.8

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Sept. 2	4,414,735	4,350,511	+ 1.5	3,672,921	1,423,977	1,674,588
Sept. 9	4,227,900	4,229,262	— 0.0	3,583,408	1,476,442	1,806,259
Sept. 16	4,394,839	4,358,512	+ 0.8	3,756,922	1,490,863	1,792,131
Sept. 23	4,377,339	4,359,610	+ 0.4	3,720,254	1,499,459	1,777,854
Sept. 30	4,365,907	4,359,003	+ 0.2	3,682,794	1,505,219	1,819,276
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21	4,345,352	4,415,405	— 1.6	3,752,571	1,533,028	1,824,160
Oct. 28	4,358,293	4,452,592	— 2.1	3,774,891	1,525,410	1,815,749
Nov. 4	4,354,939	4,413,863	— 1.3	3,761,961	1,520,730	1,798,164
Nov. 11	4,396,595	4,482,665	— 1.9	3,775,878	1,531,584	1,793,584
Nov. 18	4,450,047	4,513,299	— 1.4	3,795,361	1,475,268	1,818,169
Nov. 25	4,368,519	4,403,342	— 0.8	3,766,381	1,510,337	1,718,002
Dec. 2	4,524,257	4,560,158	— 0.8	3.883,534	1,518,922	1,806.225
Dec. 9	4,538,012	4,566,905	— 0.6	3,937,524	1,563,384	1,840,863
Dec. 16	4,563,079	4,612,994	— 1.1	3,975,873	1,554,473	1,860.021
Dec. 23		4,295,100		3,655,926	1,414,710	1,637,683
Dec. 30		4,337,387		3,779,993	1,619,265	1,542,000

October Building Permit Valuations 12% Over September, Labor Department Reports

Building construction started in urban areas of the United States during October was valued at 91 million dollars, exceeding the September total by 12%, Secretary of Labor Frances Perkins reported on Nov. 25.

"Both Federal and non-Federal building values increased in October," she said. "Federal building construction rose by 36% reflecting the installation of large and important naval facilities, while non-Federal building increased 4%. The total value of new non-residential construction started during this month, both Federal and non-Federal, rose 29% over September as compared with a 2% increase in new residential building and additions, alterations, and repairs," according to Miss Perkins, who also reported:

"The volume of work started this month was 21% less than in October a year ago with declines in both Federal and non-Federal construction. The sharp drop of 57% in new residential building, however, was partially offset by an increase of 24% in addition, alteration, and repair values this October as compared with October, 1943.

Class of construction—	Percentage change from— Sept. 1944 to Oct. 1944— Total	Other than Federal	Federal	Oct. 1943 to Oct. 1944— Total	Other than Federal	Federal
All construction	+12.1	+ 4.1	+ 36.0	—20.8	—12.9	— 34.2
New residential	+ 1.7	— 1.8	+ 54.8	—56.8	—47.9	— 83.4
New nonresidential	+29.2	+30.0	+ 28.7	— 2.5	+39.2	— 19.2
Additions, alterations and repairs	+ 2.1	— 3.0	+123.7	+24.1	+18.6	+136.1

"The total of 7,573 family dwelling units for which permits were issued or Federal contracts awarded during October 1944 was 13% above the September figure but 56% below that for October, 1943. Over nine-tenths of the new dwelling units, or 6,878, were privately financed; 695 were in Federal war housing projects. In October a year ago Federally financed units accounted for over three-tenths of the total.

"The cumulative value of building construction started thus far in 1944 was nearly 918 million dollars, 15% less than the $1.1 billion valuation for the same period of 1943. Non-Federal building was 12% higher, however, while Federal building had decreased in valuation by 45%. The 10-month cumulative value of new residential building was nearly two-fifths less this year than in 1943 as compared with a drop of only 8% for new non-residential building and an increase of a third for additions, alterations, and repairs."

Class of construction—	Total First 10 Months— 1944 (In thousands of dollars)	1943	Percentage change	Federal First 10 Months— 1944 (In thousands of dollars)	1943	Percentage change
All construction	917,914	1,076,000	—14.7	273,226	498,327	—45.2
New residential	297,825	490,255	—39.3	41,461	172,844	—76.0
New nonresidential	360,333	390,826	— 7.8	219,787	310,833	—29.3
Additions, alterations and repairs	259,756	194,919	+33.3	11,978	14,650	—18.2

The figures on building construction cover the entire urban area of the United States, which, by Census definition, includes all incorporated places with a 1940 population of 2,500 or more and by special rule, a small number of unincorporated civil divisions. The volume of privately financed construction is estimated from the building permit data received from a large majority of all urban places and these estimates are combined with data on building construction contracts awarded as furnished by Federal and State agencies. All figures for the current month are preliminary. Upward revisions in Federally financed non-residential construction may be expected due to late notifications of contracts awarded.

Morgenthau Announces Department Changes

Secretary Morgenthau on Dec. 1 announced several organizational changes affecting the Department's administration of internal revenue, tax, and foreign funds control matters. His announcement said:

"Operations of the Bureau of Internal Revenue are brought under the general supervision of Joseph J. O'Connell, Jr., General Counsel.

"The Bureau has been operating under the supervision of Assistant Secretary John L. Sullivan, who recently resigned to return to private practice of law.

"The General Counsel will be the legislative representative for the Treasury Department in all matters, including tax matters. The Tax Legislative Counsel will be responsible to the General Counsel."

Mr. Morgenthau also announced the appointment of Roy Blough as Assistant to the Secretary. Mr. Blough will advise the Secretary of the Treasury on tax policy matters and will continue to work with Congressional committees concerned in the preparation of tax bills. He will continue to direct the Division of Tax Research.

Transfer of Foreign Funds Control from the supervision of the General Counsel to Harry D. White, Assistant to the Secretary and Director of Monetary Research, also was announced; and at the same time Orvis A. Schmidt was appointed Director of Foreign Funds Control. Mr. Schmidt has been acting Director since February, 1944, when John W. Pehle was given leave of absence to serve as Executive Director of the War Refugee Board.

Continuing, the Treasury Department's advices said:

"Mr. Blough was appointed Director of Tax Research in 1938 after having served several Government agencies in assignments in the fields of taxation and fiscal economics. Prior to his Government service he taught taxation at the University of Wisconsin and the University of Cincinnati, and served for several years also as statistician for the Wisconsin Tax Commission.

"Mr. Schmidt came to the Treasury in 1936. He was special representative of the Treasury in Brazil in 1937-38 and a member of the Treasury mission at the International Conference of Ministers of Finance of the American Republics in Guatemala in 1939. He has been with Foreign Funds Control since its organization in 1940."

Houston Bks. Form Credit Group for Small Business

W. Neal Greer, President of the Houston Clearing House Association, Houston, Texas, announced recently plans of the Houston banks to form a pool of $25,000,000 to be available for loans to small business during reconversion and the post-war period. The Dallas "Times Herald" in reporting this also said: Mr. Greer was empowered at a meeting of the Association to appoint the committees necessary to carry out the program. A similar action has already been taken by Dallas banks.

Moody's Daily Commodity Index

Tuesday, Dec. 12, 1944	252.5
Wednesday, Dec. 13	252.2
Thursday, Dec. 14	251.3
Friday, Dec. 15	252.6
Saturday, Dec. 16	252.1
Monday, Dec. 18	253.1
Tuesday, Dec. 19	252.5
Two weeks ago, Dec. 5	249.4
Month ago, Nov. 18	248.7
Year ago, Dec. 18	247.2
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Dec. 18	253.1
Low, Jan. 5	247.0

Wholesale Prices Stable for Week Ended Dec. 9

"Except for minor fluctuations in prices for agricultural products and higher prices for cigars, there was very little movement in commodity prices at the primary market level during the first week of December," said the U. S. Department of Labor announcement on Dec. 14. Its advices also said:

"The Bureau of Labor Statistics' all-commodity index remained unchanged at the highest level since the war began, 104.2% of the 1926 average. In the past four weeks the index has risen 0.1% and it is 1.3% higher than at this time last year."

The Bureau's announcement continued:

"**Farm Products and Foods**—Led by a decline of a little more than 2% for livestock, particularly steers and hogs, average prices for farm products in primary markets dropped 0.2% during the week. In addition to decreases of nearly 5% for steers and 2.6% for hogs, cotton and barley declined slightly and substantially lower prices were reported for onions and for apples at New York and Chicago, Grains rose nearly 1% with rye up almost 3% and corn and wheat up over 1%. Quotations were higher for sheep and wool, for eggs and potatoes, and for apples at Portland (Oregon). Average prices for farm products were 2% higher than for the corresponding week of last year.

"A sharp advance in prices for potatoes largely accounted for an increase of 0.3% in average prices for foods during the first week of December. Rye flour advanced 2.5% and eggs rose 0.2%. Since the early part of November wholesale prices for foods advanced 0.5% but they were 0.5% lower than for the corresponding week of December a year ago.

"**Industrial Commodities**—Very few price changes occurred in industrial commodity markets. Scrap steel and mercury continued to rise under active buying. Maple flooring rose about 2% when higher ceilings were allowed by OPA in some regions. Turpentine advanced slightly. Prices of cigars moved upward, reflecting OPA action in raising ceiling prices on some brands in order to stop the disappearance of low-priced goods."

The Labor Department included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustments and revision as required by later and more complete reports.

The following tables show: (1) index numbers for the principal groups of commodities for the past three weeks, for Nov. 11, 1944 and Dec. 11, 1943, and the percentage changes from a week ago, a month ago and a year ago, and (2) percentage changes in subgroup indexes from Dec. 2, 1944 to Dec. 9, 1944.

WHOLESALE PRICES FOR WEEK ENDED DEC. 9, 1944
(1926=100)

						Percentage change to Dec. 9, 1944 from—		
Commodity Groups—	12-9 1944	12-2 1944	11-25 1944	11-11 1944	12-11 1943	12-2 1944	11-11 1944	12-11 1943
All commodities	*104.2	*104.2	*104.1	*104.1	102.9	0	+0.1	+ 1.3
Farm products	124.4	124.6	124.1	124.4	122.0	—0.2	0	+ 2.0
Foods	105.4	105.1	105.0	104.9	105.9	+0.3	+0.5	— 0.5
Hides and leather products	116.7	116.7	116.7	116.7	117.5	0	0	— 0.7
Textile products	98.9	98.9	98.9	98.9	97.2	0	0	+ 1.7
Fuel and lighting materials	83.7	83.7	83.6	83.5	82.4	0	+0.2	+ 1.6
Metals and metal products	*103.9	*103.9	*103.9	*103.8	103.9	0	+0.1	0
Building materials	116.4	116.4	116.4	116.4	113.4	0	0	+ 2.6
Chemicals and allied products	104.8	104.8	104.8	104.7	100.3	0	+0.1	+ 4.5
Housefurnishing goods	106.1	106.1	106.1	106.1	104.2	0	0	+ 1.8
Miscellaneous commodities	93.9	93.7	93.5	93.4	93.0	+0.2	+0.5	+ 1.0
Raw materials	114.3	114.4	114.1	114.3	112.1	—0.1	0	+ 2.0
Semimanufactured articles	94.7	94.7	94.7	94.7	93.1	0	0	+ 1.7
Manufactured products	*101.3	*101.3	*101.2	*101.1	100.4	0	+0.2	+ 0.9
All commodities other than farm products	*99.8	*99.8	*99.7	*99.7	98.8	0	+0.1	+ 1.0
All commodities other than farm products and foods	*99.0	*99.0	*98.9	*98.8	97.8	0	+0.2	+ 1.2

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
DEC. 2, 1944 TO DEC. 9, 1944

Increases

Fruits and vegetables	2.2	Other miscellaneous	0.6
Grains	0.9	Other foods	0.1
Other farm products	0.7		

Decreases

Livestock and poultry	2.1

Steel Output Continues at High Level—Scrap Return to Ceiling Reflects Strong Sentiment

"With the steel industry winding up the highest steel production year in its history—estimated to be at 88,500,000 net tons—activity on urgent war requirements is increasing by leaps and bonds," states "The Iron Age" in its issue of today (Dec. 21), which further adds: "This situation, because of events abroad, is assuming such large proportions that it may eventually show up as a secondary war peak in steel output.

"The nature of demand from the armed forces, which is subject to sudden changes, forecasts a reappearance of production difficulties, last minute schedule changes and an alteration in the product-mix picture. Signs were apparent this week that the steel industry was well on its way to experiencing these variables.

"Market conditions this week suggested that no matter what plans may be made for first quarter steel distribution, they are subject to changes depending on the progress of the war. Likewise there seems to be little hope in the near future for any relief over and above what is already being given for essential civilian needs and practically no encouragement for ordinary civilian requirements.

"This tightness in the steel situation could melt away over night if Germany was definitely put out of the war. Until such time, however, it is apparent that the steel industry and its customers must return to that phase of steel deliveries and output which was prevalent some time ago when output of war goods was at its peak.

"Many steel companies were reporting December order volume at a substantial increase over October and November. Practically every steel item except plates is this week tighter than a few weeks ago, including alloy steel, which has completely reversed its recent downward trend. While some steel deliveries fall further behind, new ordnance programs, some for old items including shell, shell containers and gun barrel forgings, are steadily expanding. Rockets and heavy trucks are especially urgent and forge shops are at peak operations consistent with available manpower.

"The expected petition for price relief by the steel industry has been made to the OPA. About four or five weeks will be required for the industry to gather its cost data for the OPA. The Steel Advisory Committee has requested the OPA to give as early a decision as possible. The resolutions presented to the OPA cover requests for price relief on increased costs exclusive of the latest wage award, increased costs if and when wage award becomes effective and increased costs due to the retroactive feature of the recent wage adjustment."

"Scrap continues tight with prime grades in good demand. Practically all of the latter are at ceiling levels. "The Iron Age" steel composite price is unchanged this week at $19.17 a gross ton."

The American Iron and Steel Institute on Dec. 18 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 96.3% of capacity for the week beginning Dec. 18, compared with 96.9% one week ago, 95.4% one month ago and 93.0% one year ago. The operating rate for the week beginning Dec. 18 is equivalent to 1,732,400 tons of steel ingots and castings, compared to 1,743,200 tons one week ago, 1,716,200 tons one month ago, and 1,620,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Dec. 18 stated in part as follows: "Indicative of the sentiment of the steel industry as to future war requirements, the sensitive scrap market barometer has moved upward and the average composite price of steelmaking grades has reached the ceiling of $19.17 at which it had stood from April, 1941, until last September when optimism as to the end of the European war caused a break. Some less important scrap grades still are below ceilings but the trend is upward and strength is apparent.

"Recent increase in plate demand has brought a balance between bookings and production for some mills for the first time in several weeks. Less than a fortnight ago some producers were scheduling new tonnage at about 60% to 65% of output and in some cases substantially less than that percentage. A factor in the present plate improvement is a new pontoon program, estimated to require more than 50,000 tons, and an increase in some Navy specificiations, with gains in miscellaneous demand. The pontoon program is scheduled to run through April, with some directives already issued in the effort to get work started promptly. A good rate of plate production through first quarter seems assured, some capacity being available in February, with most promises now in March.

"In spite of the present strong situation many industry observers believe the long-term plate outlook is for decreasing demand, in view of lessened shipbuilding activity. There is talk of increased Navy work early in 1945 but nothing definite has come out."

Hickey Heads Bankers Club of Brooklyn

John J. Hickey, Vice-President of the Greater New York Savings Bank, Brooklyn, N. Y., has recently been elected to the Presidency of the Bankers Club of Brooklyn. Other officers elected at the meeting were: G. P. Kennedy, Vice-President; Christian Mende, Secretary, and Everett M. Clark, Treasurer. Mr. Hickey succeeds C. A. Allen of Kings County Trust Co.

National Fertilizer Association Commodity Price Index Shows Slight Decline

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Dec. 18 declined slightly to 139.5 in the week ending Dec. 16, from 139.6 in the preceding week. A month ago the index stood at 139.5 and a year ago at 135.4, based on the 1935-1939 average as 100. The Association's report added:

The foods group advanced fractionally because of higher prices for potatoes and lard oil. The farm products group showed a slight decline. Higher cotton prices were more than offset by lower prices for grains and livestock. An increase in one grade of wheat was offset by declining prices in another grade, while lower prices were registered for oats and rye. Higher quotations for hogs, lambs and sheep were not enough to offset lower prices for cattle. There was an increase in the quotations of one grade of hay. The textile group increased slightly because of higher quotations for raw spot cotton. The trend of metals it still upward because of higher prices for scrap steel. Building materials declined fractionally due to lower prices for linseed oil. The remaining groups in the index remained at the same level.

During the week six price series in the index declined and ten advanced; in the preceding week there were seven declines and eight advances; and in the second preceding week there were seven declines and seven advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Dec. 16, 1944	Preceding Week Dec. 9, 1944	Month Ago Nov. 18, 1944	Year Ago Dec. 18, 1943
25.3	Food	144.4	144.3	143.7	139.7
	Fats and Oils	145.3	145.1	145.1	146.1
	Cottonseed Oil	163.1	163.1	163.1	159.6
23.0	Farm Products	163.4	163.6	164.1	153.1
	Cotton	204.4	203.5	203.2	187.9
	Grains	159.0	159.7	157.4	164.5
	Livestock	158.3	158.8	160.3	144.0
17.3	Fuels	130.4	130.4	130.4	123.7
10.8	Miscellaneous Commodities	133.2	133.2	133.2	131.4
8.2	Textiles	155.2	155.1	155.0	150.1
7.1	Metals	105.8	105.7	105.5	104.4
6.1	Building Materials	154.0	154.1	154.1	152.4
1.3	Chemicals and Drugs	125.1	125.1	126.1	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm Machinery	104.7	104.7	104.7	104.2
100.0	All groups combined	139.5	139.6	139.5	135.4

*Indexes on 1926-1928 base were: Dec. 16, 1944, 108.7; Dec. 9, 108.7; and Dec. 18, 1943, 105.5.

We also give the report for the week ended Dec. 9, issued on Dec. 11:

The weekly wholesale commodity price index, compiled by The National Fertilizer Association, advanced fractionally to 139.6 in the week ending Dec. 9 from 139.4 in the preceding week. A month ago the index stood at 139.5 and a year ago at 135.0, based on the 1935-1939 average as 100.

The farm products group again advanced. Higher prices for two grades of wheat more than offset lower prices for rye, causing a rise in the grains group. Higher quotations on cattle and ewes more than offset lower quotations on hogs and lambs. This caused a slight upturn in the livestock group. Although there was a slight increase in steer quotations, lower prices for potatoes were sufficient to cause a fractional decline in the foods group. The textiles group trends downward as lower prices are noted for raw spot cotton. The metals group reaches a new high as quotations on scrap steel are again increasing. Lower prices for denatured alcohol more than offset higher prices for ethyl alcohol, in turn causing a recession in the chemicals and drugs group.

During the week 8 prices series in the index advanced and 7 declined; in the preceding week the price changes were evenly balanced with 7 advances and 7 declines; and in the second preceding week there were 7 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Dec. 9, 1944	Preceding Week Dec. 2, 1944	Month Ago Nov. 11, 1944	Year Ago Dec. 11, 1943
25.3	Foods	144.3	144.4	143.7	140.1
	Fats and Oils	145.1	145.1	145.1	145.6
	Cottonseed Oil	163.1	163.1	163.1	159.6
23.0	Farm Products	163.6	163.0	164.6	151.4
	Cotton	203.5	204.1	204.1	185.6
	Grains	159.7	158.6	157.3	162.5
	Livestock	158.8	157.9	161.0	142.3
17.3	Fuels	130.4	130.4	130.4	123.7
10.8	Miscellaneous commodities	133.2	133.2	133.2	131.4
8.2	Textiles	155.1	155.2	155.1	149.7
7.1	Metals	105.7	105.6	104.0	104.4
6.1	Building materials	154.1	154.1	154.1	152.4
1.3	Chemicals and drugs	125.1	126.1	126.1	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.8	119.9	119.9	119.8
.3	Farm machinery	104.7	104.7	104.7	104.2
100.0	All groups combined	139.6	139.4	139.5	135.0

*Indexes on 1926-1928 base were: Dec. 9, 1944, 108.7; Dec. 2, 108.6, and Dec. 11, 1943, 105.2.

Extend Mail to Italy

Postmaster Albert Goldman announced on Dec. 12 information has been received from the Post Office Department, Washington, D. C., that effective Dec. 12, registry service with Italy and Vatican City State is resumed and letters will be accepted for mailing up to a weight limit of 2 pounds and 3 ounces. The advices also state:

"The order affects the following Italian provinces: Aquila, Ascoli, Piceno, Avellino, Bari, Benevento, Brindisi, Campobasso, Catanzaro, Chieti, Cosenza, Foggia, Frosinone, Grosseto, Lecce, Littoria, Macerata, Matera, Naples, Pezcara, Potenza, Reggio Calabria, Rieti, Rome Province, Salerno, Sardinia, Sicily, Taranto, Teramo, Terni, Viterbo.

"The Post Office Department stresses that the foregoing information embraces only letters and packages prepaid at the letter rate of postage. No merchandise may be sent. The letters are restricted to personal or business communications not of a transactional character. Limited parcel-post service now in effect for gift parcels addressed for delivery in the City of Rome, City of Naples, City of Palermo, and Vatican City State is not extended to other localities in Italy under the terms of the new regulation."

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Dec. 9, 1944, is estimated at 11,930,000 net tons, an increase of 95,000 tons over the preceding week. In the week ended Dec. 11, 1943, output of soft coal amounted to 13,540,000 tons (the highest for that year). During the calendar year through Dec. 9, 1944, production totaled 588,695,000 tons, a gain of 5.7% over the corresponding period in 1943.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Dec. 9, 1944, was estimated at 1,140,000 tons, a decrease of 53,000 tons (4.4%) from the preceding week. When compared with the production in the corresponding week of 1943 there was a decrease of 81,000 tons, or 6.6%. The calender year to date shows an increase of 6.4% when compared with the same period of 1943.

The estimated production of beehive coke in the United States for the United States for the week ended Dec. 9, 1944, showed a decrease of 2,600 tons when compared with the output for the week ended Dec. 2, 1944; and was 57,700 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Dec. 9, 1944	Dec. 2, 1944	Dec. 11, 1943	*Dec. 9, 1944	Dec. 11, 1943	Dec. 11, 1937
Total, incl. mine fuel	11,930,000	11,835,000	13,540,000	588,695,000	557,143,000	423,811,000
Daily average	1,988,000	†2,006,000	2,257,000	2,020,000	1,893,000	1,462,000

*Subject to current adjustment. †Average based on 5.9 working days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Dec. 9, 1944	§Dec. 2, 1944	Dec. 11, 1943	Dec. 9, 1944	Dec. 11, 1943	Dec. 11, 1937
*Total incl. coll. fuel	1,140,000	1,193,000	1,221,000	61,364,000	57,684,000	48,685,000
†Commercial produc.	1,094,000	1,145,000	1,172,000	58,910,000	55,377,000	46,251,000
Beehive coke—						
United States total	107,900	110,500	165,600	6,764,600	7,485,300	3,083,600

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
	Dec. 2,	Nov. 25,	Dec. 4,	Dec. 4,
Alabama	363,000	365,000	403,000	271,000
Alaska	7,000	7,000	8,000	2,000
Arkansas and Oklahoma	90,000	91,000	104,000	83,000
Colorado	163,000	143,000	198,000	165,000
Georgia and North Carolina	1,000	1,000	*	*
Illinois	1,478,000	1,317,000	1,654,000	1,209,000
Indiana	586,000	497,000	616,000	430,000
Iowa	50,000	45,000	63,000	94,000
Kansas and Missouri	190,000	162,000	193,000	178,000
Kentucky—Eastern	994,000	1,008,000	978,000	690,000
Kentucky—Western	380,000	308,000	321,000	205,000
Maryland	31,000	28,000	37,000	29,000
Michigan	2,000	2,000	4,000	22,000
Montana (bitum. & lignite)	115,000	89,000	110,000	72,000
New Mexico	32,000	30,000	39,000	31,000
North & South Dakota (lignite)	62,000	60,000	88,000	70,000
Ohio	682,000	597,000	672,000	524,000
Pennsylvania (bituminous)	2,690,000	2,695,000	3,134,000	1,638,000
Tennessee	127,000	128,000	155,000	121,000
Texas (bituminous & lignite)	3,000	3,000	5,000	18,000
Utah	143,000	138,000	124,000	73,000
Virginia	380,000	373,000	411,000	277,000
Washington	28,000	35,000	31,000	46,000
†West Virginia—Southern	2,053,000	2,052,000	2,463,000	1,445,000
‡West Virginia—Northern	976,000	932,000	1,122,000	491,000
Wyoming	208,000	194,000	199,000	135,000
§Other Western States	1,000	*	*	1,000
Total bituminous & lignite	11,835,000	11,300,000	13,132,000	8,320,000
Pennsylvania anthracite	1,193,000	1,135,000	1,237,000	849,000
Total, all coal	13,028,000	12,435,000	14,369,000	9,169,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Civil Engineering Construction $31,757,000 for Week—Volume Tops Last Week and 1943 Week

Civil engineering construction volume in continental United States totals $31,757,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, tops last week by 75%, gains 19% over the total reported to "Engineering News-Record" for the corresponding 1943 week, and is 16% above the previous four-week moving average. The report issued on Dec. 14, went on to say:

Public construction for the week is 68 and 31% higher, respectively, than a week ago and a year ago. Private construction is up 159% compared with last week, but is 29% below the 1943 week.

The current week's construction brings 1944 volume to $1,686,378,000 for the 50 weeks, a decrease of 44% from the $2,999,009,000 reported for the period in 1943. Private construction, $353,701,000, is 26% below a year ago, and public construction, $1,332,677,000, is down 47% as a result of the 53% drop in Federal volume. State and municipal construction, $236,394,000, is 22% above the 1943 period.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	12-16-43	12-7-44	12-14-44
Total U. S. construction	$26,792,000	$18,125,000	$31,757,000
Private construction	5,580,000	1,526,000	3,954,000
Public construction	21,212,000	16,599,000	27,803,000
State and municipal	2,188,000	4,148,000	1,841,000
Federal	19,024,000	12,451,000	25,962,000

In the classified construction groups, gains over last week are in sewerage, industrial, commercial and public buildings, earthwork and drainage, and unclassified construction. Gains over the 1943 week are in industrial and public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $272,000; sewerage, $670,000; bridges, $59,000; industrial buildings, $2,984,000; commercial building and large-scale private housing, $575,000; public buildings, $16,009,000; earthwork and drainage, $791,000; streets and roads, $819,000; and unclassified construction, $9,578,000.

New capital for construction purposes for the week totals $5,412,000, and is made up entirely of State and municipal bond sales. The week's new financing brings 1944 volume to $1,691,774,000,a total that is 45% lower than the $3,068,468,000 reported for the 50-week 1943 period.

Non-Ferrous Metals—Lead Order Limiting Purchases Studied—Quicksilver Price Up

"E. & M. J. Metal and Mineral Markets," in its issue of Dec. 14, stated: "Consumers and producers of lead were hampered somewhat in doing business last week because of delay in drawing up a plan in Washington for limiting purchases of the metal and thereby preventing stocks from falling below a comfortable margin of safety. Business booked during the week was accepted on condition that the WPB regulation will govern in final settlement of the contract. Demand for copper and zinc was fairly active, pointing to increased consumption in January. The upward trend in quicksilver prices continued, largely because most buyers preferred to look for supplies in the open market and avoid involvement in governmental red tape. The publication further went on to say in part as follows:

Most sales contracts made during the last week contained a provision that would release the seller in the event that the limitation order makes it impossible to live up to the agreement. Sales for the week involved 8.058 tons, which compares with 6,871 tons in the week previous.

Zinc

Though demand for zinc, particularly Special High Grade, has shown improvement, the market situation remains comfortable in all directions.

Production of slab zinc during November held at about the same level as in the preceding month, but shipments decreased and the result was another gain in stocks to a new high of 246,172 tons, according to the American Zinc Institute. The daily rate of production for November was 2,248 tons, which compares with 2,219 tons in October and a high of 2,775 tons last March.

Production, shipments, and stocks of slab zinc from 1939 to 1943, by years, and monthly figures for the current year to the end of November, in tons:

	Production	Shipments	Stocks
1939	538,198	598,972	65,995
1940	706,100	762,780	17,582
1941	863,955	857,471	24,066
1942	929,770	885,568	68,268
1943	971,873	887,638	173,510
1944:			
January	84,066	63,552	194,024
February	79,893	62,716	211,201
March	86,037	84,431	212,807
April	80,405	75,213	217,999
May	80,497	80,825	217,671
June	73,067	65,785	224,953
July	72,947	63,193	234,707
August	71,281	64,295	241,693
September	66,891	65,150	243,434
October	68,781	67,871	244,344
November	67,432	65,604	246,172

Copper

Producers look for consumption of copper to increase after the turn of the year, but ample supplies will be available to meet the situation, either from new production (including imports) or the stockpile. The downward trend in domestic production that has occurred this year, owing chiefly to the manpower problem, should not be embarrassing.

Contracts for the purchase of some 10,000 tons of Canadian copper monthly over the first quarter of 1945 are expected to be closed soon.

Lead

With an order limiting purchases of lead hanging over the market, business was conducted during the last week in an atmosphere of general uncertainty. Various branches of the government have taken an interest in the problem, including the Army and Navy, and little is known in regard to the final form that the document will take. The industry believes that a flat percentage deduction has been abandoned in favor of a plan involving end use, plus inventories.

Nickel

The supply situation in nickel has improved in the current year and consumers are wondering whether the restrictions are likely to be eased. The easier situation has been reflected in increased offerings of secondary material. Monel also is available in larger tonnages, and price unsettlement has occurred in the scrap section of the market.

Tin

Bolivian producers of tin concentrate continue to press for a higher price. In tin circles here it is felt that some advance from the 60c f.a.s. South American ports basis is likely to be granted, particularly if a higher settling basis would lead to increased supplies. A price of 63½c has been mentioned. Demand for new tin, according to some observers, may increase next year in spite of the limitation orders now in effect.

The domestic selling basis, however, is not expected to change, even should costs rise.

Straits quality tin for shipment in cents per pound, was nominally as follows:

	Dec.	Jan.	Feb.
December 7	52.000	52.000	52.000
December 8	52.000	52.000	52.000
December 9	52.000	52.000	52.000
December 11	52.000	52.000	52.000
December 12	52.000	52.000	52.000
December 13	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c per pound.

Quicksilver

Offerings of quicksilver for prompt and nearby delivery in the New York market were extremely light last week, and the price situation remained firm, with quotations largely nominal. Business was reported at prices ranging from $125 to $127 per flask. Some observers believe that demands will continue at a high rate for some time to come, and they see nothing of a bearish nature in the move on the part of the government to release stockpiled metal at $2 per flask above the weekly E.&M.J. quotation. Others contend that as war demands are met through metal obtained from the Metals Reserve the ordinary market, catering to civilian needs, should find that current production plus imports can take care of itself nicely.

Advices from San Francisco indicate that producers continue to take a bullish view of the situation, some asking $127 per flask, Coast.

Silver

Legislation extending until Dec. 31, 1945, the authority to use Treasury-owned silver for war and essential civilian purposes (Green Act) was passed by the House on Dec. 8. The measure has been sent to the President.

Secretary Morgenthau stated last week that the Treasury has supplied 1,226,300,000 oz. of silver for the war program since Pearl Harbor.

The London market for silver was quiet and unchanged last week at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Dec. 1 Cotton Report

A United States cotton crop for 1944 of 12,359,000 bales of 500 pounds gross weight is estimated by the Crop Reporting Board of the United States Department of Agriculture, based upon information as of Dec. 1. This is an increase of 39,000 bales from indicated production on Nov. 1, and is only slightly below average production of 12,455,000 bales for the 10-year period (1933-42). The lint yield per acre, computed at 295.3 pounds, is 22.9 pounds above the previous all-time record yield of 272.4 pounds per acre produced in 1942. Average yield for the 10-year period (1933-42) is 226.9 pounds.

The acreage of cotton in cultivation on July 1, 1944, is now estimated at 20,359,000 acres. Abandonment is estimated at 1.3% of planted acreage, leaving 20,098,000 acres for harvest. The present estimate of acreage for harvest is approximately .3 of 1% acreage estimated during the growing season and is the smallest acreage of cotton harvested since 1895.

The present estimate of cotton production for the United States is approximately 1,300,000 bales above the relatively good crop expected on Aug. 1, when the first forecast of production for the season was made. The crop got off to a comparatively poor start in some areas due to excessive rainfall at planting time, but climatic conditions were generally favorable throughout the growing season, with the result that losses from insects were held to a minimum and plants fruited unusually well.

Compared with a month ago, the greatest increases in prospective production occurred in Missouri, where the present estimate is up 50,000 bales, and in Texas, where prospects are up 40,000 bales. These increases are partly offset by reductions of 30,000 bales in Mississippi and 25,000 bales in California. In other States very little change from a month ago is indicated.

Harvesting of the crop is somewhat delayed, particularly in the States west of the Mississippi River, and considerable losses in production could still result from unfavorable weather during the winter months. Ginnings from the 1944 crop prior to Dec. 1 are reported by the Bureau of the Census at 10,274,385 bales, compared with 10,560,109 bales in 1943 and 11,534,702 bales in 1942.

Cottonseed production from the 1944 crop is estimated at 4,941,000 tons, compared with 4,688,000 tons in 1943. On the basis of information received from cotton ginners, it is estimated that for the 1944 crop there were 62.5 pounds of cottonseed for each 37.5 pounds of lint. The ratio for the 1943 crop was 63.1 pounds of cottonseed for each 36.9 pounds of lint.

Atcheson Resigns

The Office of Surplus Property, U. S. Treasury Department, has announced the resignation of Frederick Roberts Atcheson as Deputy in charge of Operations, effective Dec. 15. Mr. Atcheson directed the warehousing, inventory, classification, pricing, accounting and inspection ends of Treasury's sale of surplus consumer goods, which included more than 100 major categories ranging from bolts, nuts, screws, mosquito bars, life rafts to trucks of all types and descriptions. Mr. Atcheson's office also controlled all administrative and fiscal functions of the Office of Surplus Property. Mr. Atcheson has been associated with Marshall Field & Co. continuously for 21 years in both the management and control functions and will return to his post with that company. Since 1936 he has been Comptroller of Marshall Fields' retail stores in the Chicago area.

Daily Average Crude Oil Production for Week Ended Dec. 9, 1944 Fell Off 8,450 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Dec. 9, 1944 was 4,704,450 barrels, a decrease of 8,450 barrels per day when compared with the preceding week, and 17,650 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of December, 1944. The current figure, however, was 327,750 barrels per day higher than the output in the week ended Dec. 11, 1943. Daily production for the four weeks ended Dec. 9, 1944 averaged 4,723,050 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,552,000 barrels of crude oil daily and produced 14,611,000 barrels of gasoline; 1,454,000 barrels of kerosine; 4,056,000 barrels of distillate fuel, and 8,923,000 barrels of residual fuel oil during the week ended Dec. 9, 1944; and had in storage at the end of that week 80,880,000 barrels of gasoline; 12,983,000 barrels of kerosine; 44,436,000 barrels of distillate fuel, and 60,458,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations December	*State Allowables begin. Dec. 1	Actual Production Week Ended Dec. 9, 1944	Actual Production Change from Previous Week	4 Weeks Ended Dec. 9, 1944	Week Ended Dec. 11, 1943
Oklahoma	350,000	356,000	†360,350	+ 400	358,900	325,150
Kansas	274,000	269,400	†267,350	+ 2,100	272,400	273,500
Nebraska	1,200	----	†1,050	----	1,000	1,700
Panhandle Texas			88,750	— 5,400	92,800	94,400
North Texas			140,600	—10,600	148,550	143,400
West Texas			471,350	— 2,600	473,300	354,400
East Central Texas			141,450	— 3,150	143,800	115,100
East Texas			371,000	+ 3,100	368,650	364,300
Southwest Texas			345,450	— 1,650	346,700	290,800
Coastal Texas			552,950	— 450	553,300	520,500
Total Texas	2,153,000	‡2,134,078	2,111,550	—20,750	2,127,100	1,882,900
North Louisiana			71,150	— 1.150	72,000	78,600
Coastal Louisiana			289,600	— 1,700	290,900	275,500
Total Louisiana	350,000	395,000	360,750	— 2,850	362,900	354,100
Arkansas	78,000	79,975	80,700	+ 600	80,400	79,850
Mississippi	53,000		48,050	— 800	50,600	47,250
Alabama	----		250	----	250	----
Florida	----		50	----	50	----
Illinois	200,000		202,750	+ 8,400	199,750	225,350
Indiana	13,000		13,750	+ 700	13,150	14,200
Eastern— (Not incl. Ill., Ind., Ky.)	69,400		62,800	— 5,400	65,400	72,950
Kentucky	30,000		29,950	— 1,750	30,350	26,450
Michigan	47,000		52,900	+ 5,200	49,550	52,900
Wyoming	100,000		96,950	+ 2,450	95,500	96,450
Montana	23,000		21,300	----	21,350	20,850
Colorado	9,500		8,900	+ 750	9,000	7,600
New Mexico	106,000	106,000	104,850	----	104,850	112,900
Total East of Calif.	3,837,100		3,824,250	—10,950	3,842,500	3,594,100
California	885,000	§885,000	880,200	+ 2,500	880,550	782,600
Total United States	4,722,100		4,704,450	— 8,450	4,723,050	4,376,700

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a. m. Dec. 7, 1944.

‡This is the net basic allowable as of Dec. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED DEC. 9, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
East Coast	729	100.0	702	96.3	1,767	12,447	12,785	8,915
Appalachian—			101	77.7	327	2,463	497	353
District No. 1	130	83.9						
District No. 2	47	87.2	56	119.1	193	1,726	201	147
Ind., Ill., Ky.	824	85.2	759	92.1	2,879	16,340	6,774	3,402
Okla., Kans., Mo.	418	80.2	371	88.8	1,397	7,589	2,474	1,648
Inland Texas	278	66.9	220	79.1	883	2,793	420	623
Texas Gulf Coast	1,165	90.5	1,103	94.7	3,540	14,440	7,138	8,590
Louisiana Gulf Coast	242	95.5	244	100.8	876	4,348	2,023	1,081
No. La. & Arkansas	104	68.0	78	75.0	220	2,436	556	277
Rocky Mountain—								
District No. 3	13	17.0	12	92.3	37	66	19	32
District No. 4	141	58.3	99	70.2	376	1,656	356	541
California	817	89.9	807	98.8	2,116	14,576	11,193	34,849
Total U. S. B. of M. basis Dec. 9, 1944	4,908	87.2	4,552	92.7	14,611	*80,880	44,436	60,458
Total U. S. B. of M. basis Dec. 2, 1944	4,908	87.2	4,693	95.6	14,853	80,426	45,832	61,727
U. S. Bur. of Mines basis Dec. 11, 1943			4,162		12,552	70,855	44,652	59,154

*Composed of 12,969,000 barrels of unfinished, 41,170,000 barrels of civilian-grade automotive (41,179,000 at Dec. 2 and 40,835,000 at Nov. 25) and 26,741,000 barrels of aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminable as to ultimate use (26,115,000 barrels at Dec. 2 and 25,773,000 barrels at Nov. 25). ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,454,000 barrels of kerosene, 4,056,000 barrels of gas oil and distillate fuel oil and 8,923,000 barrels of residual fuel oil produced during the week ended Dec. 9, 1944, which compares with 1,633,000 barrels, 4,082,000 barrels and 8,981,000 barrels, respectively, in the preceding week and 1,341,000 barrels, 4,613,000 barrels and 8,224,000 barrels, respectively, in the week ended Dec. 11, 1943.

Note—Stocks of kerosene at Dec. 9, 1944, amounted to 12,983,000 barrels, as against 13,745,000 barrels a week earlier and 10,332,000 barrels a year before.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Dec. 13 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Nov. 25, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Nov. 25 (in round-lot transactions) totaled 1,150,588 shares, which amount was 16.20% of the total transactions on the Exchange of 3,552,200 shares. This compares with member trading during the week ended Nov. 18 of 1,553,712 shares, or 15.22% of the total trading of 5,103,190 shares. On the New York Curb Exchange, member trading during the week ended Nov. 25 amounted to 365,820 shares, or 15% of the total volume on that exchange of 1,219,655 shares; during the Nov. 18 week trading for the account of Curb members of 392,790 shares was 14.65% of total trading of 1,371,237 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED NOV. 25, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	119,260	
‡Other sales	3,432,940	
Total sales	3,552,200	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stock in which they are registered—		
Total purchases	307,250	
Short sales	43,790	
‡Other sales	248,970	
Total sales	292,760	8.45
2. Other transactions initiated on the floor—		
Total purchases	154,900	
Short sales	9,900	
‡Other sales	128,260	
Total sales	138,160	4.13
3. Other transactions initiated off the floor—		
Total purchases	121,775	
Short sales	29,920	
‡Other sales	105,823	
Total sales	135,743	3.62
4. Total—		
Total purchases	583,925	
Short sales	83,610	
‡Other sales	483,053	
Total sales	566,663	16.20

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED NOV. 25, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	14,600	
‡Other sales	1,205,055	
Total sales	1,219,655	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	125,050	
Short sales	7,895	
‡Other sales	90,695	
Total sales	98,590	9.17
2. Other transactions initiated on the follor—		
Total purchases	25,815	
Short sales	3,700	
‡Other sales	25,355	
Total sales	29,055	2,25
3. Other transactions initiated off the floor—		
Total purchases	51,700	
Short sales	700	
‡Other sales	34,910	
Total sales	35,610	3.58
4. Total—		
Total purchases	202,565	
Short sales	12,295	
‡Other sales	150,960	
Total sales	163,255	15.00
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	43,021	
Total purchases	43,021	
Total sales	31,406	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

President Again Requests Action by Congress On Creation of Missouri Valley Authority

In a special message to Congress on Nov. 27, President Roosevelt renewed his recommendation for a Missouri Valley Authority, indicating his approval of a plan developed jointly to Army engineers and the Reclamation Bureau which he said, "constitutes a basic plan for the development and control of the waters of the Missouri River."

The previous recommendation of the President to Congress advocating the development of the Missouri River basin along lines similar to that of the Tennessee Valley Authority was noted in our issue of Sept. 28, page 1379.

The President's latest message on the subject, as addressed to the Senate on Nov. 27 follows:

The White House,
Washington, Nov. 27, 1944.

The President of the Senate:

Sir: On Sept. 21, 1944, I sent a message to the Congress recommending the creation of a Missouri Valley Authority that would be charged with the duty of preparing and carrying out a single coordinated plan for the development of the Missouri River basin for the greatest benefit of its citizens, both present and future, and for the greatest benefit to the United States. At that time there was under consideration by the Congress two reports: the one presented by the Corps of Engineers, the other by the Bureau of Reclamation, which, while presenting comprehensive plans for the development of the Missouri River, were in conflict in many details. The two bureaus have reconciled the technical differences in these two reports and have prepared a joint recommendation which in conjunction with the two reports constitutes a basic plan for the development and control of the waters of the Missouri River.

This joint plan represents a beginning in the solution of the problems of the Missouri Valley. But it is only a beginning, for other important matters not within the scope of this joint report bear very materially upon the entire region. As a practical matter, most of these cannot be dealt with by conference and agreement among the 10 States directly involved working with separate Federal agencies, for the delay in getting action would be too great to bring about the objectives important to the economy of the entire region. A single Authority, such as the Tennessee Valley Authority, over the entire region would provide an adequate mechanism for the adjustment of the interests of the States and for the planning and development of the entire valley.

I am transmitting herewith a copy of that report of reconciliation together with accompanying papers. I now recommend that the plans of the two bureaus, published in House Document 475, 78th Congress, and Senate Document 191, 78th Congress, as modified in accordance with the recommendations of this joint report, be authorized as a basic engineering plan to be developed and administered by a Missouri Valley Authority, such as I have already recommended in my message of Sept. 21.

Sincerely yours,
FRANKLIN D. ROOSEVELT.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 13 a summary for the week ended Dec. 2 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Dec. 2, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	19,413
Number of shares	563,774
Dollar value	$24,453,061
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	230
*Customers' other sales	19,391
Customers' total sales	19,621
Number of Shares:	
Customers' short sales	7,179
*Customers' other sales	515,989
Customers' total sales	523,168
Dollar value	$18,814,430
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	50
†Other sales	149,780
Total sales	149,830
Round-Lot Purchases by Dealers:	
Number of shares	207,670

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended Dec. 9, 1944 Declined 14,706 Cars

Loading of revenue freight for the week ended Dec. 9, 1944 totaled 793,554 cars, the Association of American Railroads announced on Dec. 14. This was a decrease below the corresponding week of 1943 of 29,757 cars, or 3.6%, but an increase above the same week in 1942 of 49,371 cars or 6.6%.

Loading of revenue freight for the week of Dec. 9, decreased 14,706 cars, or 1.8% below the preceding week.

Miscellaneous freight loading totaled 387,305 cars, a decrease of 9,067 cars below the preceding week, but an increase of 7,373 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 106,812 cars, an increase of 907 cars above the preceding week, and an increase of 2,816 cars above the corresponding week in 1943.

Coal loading amounted to 169,705 cars, a decrease of 247 cars below the preceding week, and a decrease of 19,441 cars below the corresponding week in 1943.

Grain and grain products loading totaled 44,250 cars, a decrease of 3,444 cars below the preceding week and a decrease of 9,141 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Dec. 9, totaled 29,697 cars, a decrease of 2,496 cars below the preceding week and a decrease of 6,399 cars below the corresponding week in 1943.

Livestock loading amounted to 20,107 cars, a decrease of 2,522 cars below the preceding week but an increase of 1,578 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Dec. 9 totaled 15,419 cars, a decrease of 2.042 cars below the preceding week, but an increase of 1,429 cars above the corresponding week in 1943.

Forest products loading totaled 39,830 cars, an increase of 1.092 cars above the preceding week but a decrease of 5,334 cars below the corresponding week in 1943.

Ore loading amounted to 12,184 cars, a decrease of 1,405 cars below the preceding week and a decrease of 5,255 cars below the corresponding week in 1943.

Coke loading amounted to 13,361 cars, a decrease of 20 cars below the preceding week, a decrease of 2,353 cars below the corresponding week in 1943.

All districts reported decreases compared with the corresponding week in 1943, except the Centralwestern but all districts reported increases compared with 1942.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
4 weeks of August	3,579,800	3,554,694	3,487,905
5 weeks of September	4,428,427	4,456,466	4,410,669
4 Weeks of October	3,598,979	3,607,851	3,604,323
4 Weeks of November	3,365,925	3,304,830	3,236,584
Week of December 2	808,200	862,733	759,73
Week of December 9	793,554	823,311	744,183
Total	41,987,651	41,017,763	41,491,931

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Dec. 9, 1944. During the period 48 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED DEC. 9

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	321	273	285	1.491	1.517
Bangor & Aroostook	2.476	2 265	1,723	392	247
Boston & Maine	6,826	6,753	5,768	14.194	15 213
Chicago, Indianapolis & Louisville	1,354	1,472	1,492	2,000	2,221
Central Indiana	32	42	31	38	60
Central Vermont	1,110	1.110	1,030	2.386	3.079
Delaware & Hudson	4,910	6,098	6,019	12,979	12,835
Delaware, Lackawanna & Western	7,800	7,673	6,902	11,252	10,675
Detroit & Mackinac	247	203	479	118	122
Detroit, Toledo & Ironton	1,621	2,081	1,511	1,355	1,697
Detroit & Toledo Shore Line	381	300	293	2,950	3,771
Erie	12.279	12,221	10,703	17.087	20 225
Grand Trunk Western	3,829	3,621	3,911	8,644	9,270
Lehigh & Hudson River	155	176	203	2 781	2 662
Lehigh & New England	1,900	1,829	1,774	1.438	1.570
Lehigh Valley	8,205	8.543	7,613	13,776	12,362
Maine Central	2,394	2,239	2,226	3,686	3,997
Monongahela	5,267	6 294	5,807	283	360
Montour	2,593	2,694	2,391	17	27
New York Central Lines	46.719	49,694	43,028	55,263	59,802
N. Y., N. H. & Hartford	9,780	9,731	9,002	18.469	20 744
New York, Ontario & Western	869	1.238	1,069	2.987	3,022
New York, Chicago & St. Louis	6,611	6,389	6,346	16,299	16,996
N. Y., Susquehanna & Western	373	615	375	1,905	2,926
Pittsburgh & Lake Erie	7.385	7.625	7,122	7,170	7,924
Pere Marquette	5,239	4,781	5,073	8,361	8,637
Pittsburg & Shawmut	734	985	751	18	18
Pittsburg, Shawmut & North	251	322	282	236	264
Pittsburgh & West Virginia	873	1,254	1,029	2,548	2.768
Rutland	337	374	330	991	1,001
Wabash	5,872	5,928	5.319	12,006	12,356
Wheeling & Lake Erie	5,196	4,811	4,570	4,188	4,705
Total	153,939	159,634	144,437	227,308	243,073
Allegheny District—					
Akron, Canton & Youngstown	*758	776	708	*1,242	1 346
Baltimore & Ohio	41,557	43.103	35,943	27.184	29 538
Bessemer & Lake Erie	2,561	4,565	3,050	1,454	1,646
Buffalo Creek & Gauley	†	388	319	†	3
Cambria & Indiana	1.569	1.836	1 779	11	9
Central R. R. of New Jersey	6,141	7,224	6,847	19,234	20,517
Cornwall	498	464	609	51	47
Cumberland & Pennsylvania	177	247	220	8	13
Ligonier Valley	94	166	132	53	37
Long Island	1,393	1,344	1.138	3,629	3 565
Penn-Reading Seashore Lines	1,952	1,699	1 606	2,443	2 500
Pennsylvania System	78,151	79,652	69,555	60,826	66 285
Reading Co.	14,565	14.743	13,195	29,237	30 685
Union (Pittsburgh)	19,353	21.235	20 836	3.463	7.171
Western Maryland	3,699	4.310	3,773	12,679	14.330
Total	172,468	181,752	159,784	161,514	177,692
Pocahontas District—					
Chesapeake & Ohio	28,009	30 280	27 328	12.008	13 781
Norfolk & Western	21,036	24,175	21.266	7.837	7.590
Virginian	4,652	5,101	4,559	2,698	2,928
Total	53,697	59,556	53,153	22,543	24,299
Southern District—					
Alabama, Tennessee & Northern	272	355	382	369	384
Atl. & W. P.—W. R. R. of Ala	631	794	641	3,070	2 877
Atlanta, Birmingham & Coast	756	726	671	1,486	1,412
Atlantic Coast Line	13,009	14,262	13,537	12,675	11,694
Central of Georgia	3,448	3,970	3,628	5.694	5.151
Charleston & Western Carolina	364	428	362	1.725	1,995
Clinchfield	1,563	1,626	1,623	3,384	3,530
Columbus & Greenville	307	315	292	277	256
Durham & Southern	142	94	78	752	684
Florida East Coast	2,577	2,815	1,526	1,299	1,432
Gainesville Midland	60	43	38	107	86
Georgia	1,081	1,277	1,077	2,493	2,926
Georgia & Florida	400	493	339	661	703
Gulf, Mobile & Ohio	4,392	4,342	3.604	3,873	4 426
Illinois Central System	27,403	28,064	26 067	17,314	17,393
Louisville & Nashville	25,768	26,376	23,751	11,747	12 700
Macon, Dublin & Savannah	170	214	186	993	1,030
Mississippi Central	230	351	147	491	510
Nashville, Chattanooga & St. L.	3,078	3,367	2,851	4.374	4.930
Norfolk Southern	869	1,054	963	2,059	2 003
Piedmont Northern	460	484	360	1,425	1,488
Richmond, Fred. & Potomac	461	422	356	11.222	11,834
Seaboard Air Line	10,541	11,590	10,111	8,862	9 727
Southern System	23,553	23,839	20,235	25,451	26,880
Tennessee Central	655	573	478	794	919
Winston-Salem Southbound	180	160	101	1,044	1,003
Total	122,425	128,034	113,404	123,661	127,973
Northwestern District—					
Chicago & North Western	15,020	15,393	14,736	14,231	14.636
Chicago Great Western	2,575	2,708	2,385	3,116	3,446
Chicago, Milw., St. P. & Pac.	22,279	21,977	19,207	10,423	10,423
Chicago, St. Paul, Minn. & Omaha	3,672	4,126	3,956	4,037	3,332
Duluth, Missabe & Iron Range	914	1,187	1,419	180	253
Duluth, South Shore & Atlantic	696	728	592	628	556
Elgin, Joliet & Eastern	8,641	8,516	7,595	12,814	11,146
Ft. Dodge, Des Moines & South	379	460	436	86	115
Great Northern	13,495	13,462	11,791	6,222	5,042
Green Bay & Western	478	493	533	973	852
Lake Superior & Ishpeming	201	305	237	76	60
Minneapolis & St. Louis	2.015	2 382	2,062	2,618	2,551
Minn., St. Paul & S. S. M.	5,303	5,770	4,484	2,752	3,043
Northern Pacific	11,056	10,881	10,505	6,268	5,238
Spokane International	164	142	122	528	683
Spokane, Portland & Seattle	2,687	2,376	1,861	3,922	3,477
Total	89,475	90,906	81,921	68,924	65,358
Central Western District—					
Atch., Top. & Santa Fe System	23,191	22,699	21,096	13,966	11,647
Alton	3,693	3,159	3,120	4,059	4,277
Bingham & Garfield	377	461	369	93	63
Chicago, Burlington & Quincy	19,279	21,021	18,226	13,316	12,617
Chicago & Illinois Midland	2,939	2,986	2,436	946	1,037
Chicago, Rock Island & Pacific	11,424	12,108	11,527	12,720	12,783
Chicago & Eastern Illinois	2,908	2,717	2,350	5,234	6,751
Colorado & Southern	673	714	1,069	2,106	2,221
Denver & Rio Grande Western	4,211	4,240	4,281	6,440	6,679
Denver & Salt Lake	640	905	790	19	22
Fort Worth & Denver City	687	766	840	1,393	1,469
Illinois Terminal	2,282	1,864	1,547	2,062	1,899
Missouri-Illinois	1,151	1,179	973	494	521
Nevada Northern	1,633	1,800	2,065	90	118
North Western Pacific	737	817	936	928	729
Peoria & Pekin Union	29	8	30	0	0
Southern Pacific (Pacific)	31,662	29,251	29,401	15,122	14,117
Toledo, Peoria & Western	360	327	305	1,988	2,057
Union Pacific System	18,464	18,311	17,552	16,591	17,604
Utah	530	704	692	2	5
Western Pacific	2,205	2,152	2,333	4,738	4,651
Total	129,080	128,189	121,938	102,307	101,267
Southwestern District—					
Burlington-Rock Island	316	463	179	526	176
Gulf Coast Lines	6,281	7,097	5,289	2,584	2,610
International-Great Northern	2,442	2,204	2,948	3,235	3,856
Kansas, Oklahoma & Gulf	258	257	377	1,030	1,258
Kansas City Southern	4,974	5,049	5,301	2,951	2,644
Louisiana & Arkansas	3,504	3,456	3,241	2,510	3,094
Litchfield & Madison	343	360	301	1,155	1,256
Midland Valley	508	845	677	462	226
Missouri & Arkansas	140	187	144	418	484
Missouri-Kansas-Texas Lines	6,192	5,491	6,058	5,168	6,086
Missouri Pacific	16,916	17,472	15,373	18,236	20,665
Quanah Acme & Pacific	62	68	137	295	221
St. Louis-San Francisco	9,338	8.510	8,679	8,276	8.864
St. Louis Southwestern	3,626	2,873	2,540	7,006	7,418
Texas & New Orleans	11.939	14,266	13,221	5,872	4,905
Texas & Pacific	5,517	6,556	4,961	7,149	7,843
Wichita Falls & Southern	86	71	104	55	119
Weatherford M. W. & N. W.	28	15	16	15	28
Total	72,470	75,240	69,546	66,943	71,753

*Previous week's figure. †Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
September 2	173,065	155,820	549,114	97	94
September 9	131,988	123,758	554,352	80	94
September 16	129.481	158,178	525,730	97	94
September 23	125,258	161,114	486,818	96	94
September 30	160,952	159,114	482,896	95	94
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94
October 21	133,028	156,269	499,929	94	94
October 28	146,003	157,806	486,882	95	94
November 4	207,817	157,644	535,745	96	94
November 11	141,154	158,266	515,738	96	94
November 18	135,644	156,667	494,062	96	94
November 25	110,144	149,062	450,898	91	94
December 2	189,731	154,682	484,811	94	94
December 9	173,669	154,822	501,946	95	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Sign "Air Freedoms" Pact on Civil Aviation

The signing by Chile, India and Iran of the International Air Services Transit Agreement (the "two freedoms" document), resulting from the International Civil Aviation Conference at Chicago, was made known at Washington on Dec. 16. The total number of signatures, it is stated, is 28.

According to Associated Press accounts from Washington Dec. 16, a check on the five documents which emerged from that meeting disclosed that 12 signatures have been added to them during the week they have been at the State Department. From the Associated Press advices we also quote:

The totals now stand:

Final act, which summarizes the work of the Conference, provides a standard form for international air transport agreements and makes certain recommendations, 53. Only Liberia has not signed.

The interim agreement, which sets up a provisional international civil aviation organization, 37. Only 26 signatures were needed.

The Convention on International Civil Aviation, an agreement to set up a permanent organization to administer the air navigation rules and the technical standards, 35. Signing is preliminary, as this is a treaty and must be ratified.

The transit, or "two freedoms," exchange of the right to fly across and make non-commercial stops in a country, 28.

The transport, or "five freedoms," agreement, which grants a mutual two the right to carry traffic from the home country of an airline to any other signatory State, to pick up traffic in any other State and carry it home, and to carry traffic between intermediate States, 17.

The "five freedoms" signers were Afghanistan, China, Dominican Republic, Ecuador, Haiti, Honduras, Mexico, Nicaragua, Peru, Sweden, Turkey, United States, Uruguay and Venezuela. Turkey reserved on the "fifth" freedom, relating to intermediate traffic.

The "two freedoms" signers were the above countries and Chile, Egypt, France, Greece, India, Iraq, Iran, Lebanon, Netherlands, New Zealand, Sweden, Turkey and the United Kingdom (except Newfoundland).

A summary of the agreement on International Civil Aviation adopted on Dec. 5 at Chicago appeared in our Dec. 14 issue, page 2628 and on page 2629, the reaching of an agreement on a world agency to govern commercial air transport was noted. The "two freedoms" air agreement was referred to on page 2631.

Lumber Movement—Week Ended Dec. 9, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 484 mills reporting to the National Lumber Trade Barometer were 0.5% below production for the week of Dec. 9, 1944. In the same week new orders of these mills were 0.9% more than production. Unfilled order files of the reporting mills amounted to 86% of stocks. For reporting softwood mills, unfilled orders are equivalent to 33 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 2.7%; orders by 4.0%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 29.9% greater; shipments were 40.0% greater; and orders were 22.5% greater.

Items About Banks, Trust Companies

Central Hanover Bank & Trust Co. of New York announces the following appointments: Assistant Secretaries — Seymour Johnson, John R. Osborne and Henry L. Ware; Assistant Treasurers—Edward E. Bremner, Philip J. Englert, Philip Livingston, Archibald A. Macdonald Jr. and Herman Streller.

Walter G. Kimball, President of The Commercial National Bank & Trust Co. of New York, announced on Dec. 13 that the board of directors had voted the transfer on Dec. 31 of $1,000,000 from undivided profits to surplus, thereby increasing the surplus account to $10,000,000. The bank's capital is $7,000,000.

George P. Kennedy, President of the Lafayette National Bank of Brooklyn in New York, has announced that the bank, following its usual custom, will add $50,000 to its surplus, increasing the total to $400,000.

At the December meeting of the board of directors of the Union National Bank, Troy, N. Y., the directors voted to submit to the shareholders a proposal for the issuance of 3,000 additional shares of common stock with a par value of $16.66⅔.

The New York "Times," in reporting this, said:

"If the proposal is accepted, holders of the present 18,000 common shares will receive 30-day warrants to purchase at par one share of new stock for each three shares owned on Jan. 9, 1945.

"At the expiration of the warrants, holders of the bank's B preferred stock will have a right to subscribe to any of the proposed new issue of common not taken by the present common stockholders."

Myron S. Short was elected President of the Buffalo Savings Bank at a meeting of the board of trustees on Dec. 11. He succeeds Charles L. Gurney, who becomes Chairman of the board. Mr. Short, previously Executive Vice-President of the bank, is also President of the Savings Banks Association of the State of New York, a member of the Federal Deposit Insurance Corporation's Advisory Council on Mutual Savings Bank Matters and on the Executive Committee of the American Bankers Association's Savings Division. He is a trustee of the University of Buffalo and Syracuse University. Other elections in the bank were William S. Rogers, formerly Vice-President, to Executive Vice-President; Carlton P. Cooke, Real Estate Officer, to Vice-President, and W. Franklin Maischoss, Controller, to Vice-President and Controller.

Consolidation of the National Bank of West New York with The First National Bank of Jersey City, effective Dec. 18, is announced by Kelley Graham, President of The First National Bank. The former organization will be known hereafter as the West New York office of The First National Bank of Jersey City. Mr. Graham's announcement states that the new office will not only increase the facilities of The First National Bank but will round out the geographical location of its offices in the northern part of Hudson County. Established in 1864, The First National is one of the oldest banks in Hudson County. With the opening of the West New York office the bank will have four offices in addition to its main office at One Exchange Place, Jersey City. Total resources on Sept. 30 amounted to $96,308,966. Resources of the National Bank of West New York on Sept. 30 totaled $6,845,682.

Waldron M. Ward, Chairman of the board of managers of the Howard Savings Institution of Newark, N. J., has been elected to the board of directors of the National Newark & Essex Banking Co., Robert G. Cowan, National Newark President, announced. The Newark "News" states that Mr. Ward is also a member of the law firm of Pitney, Hardin & Ward and a director of Weston Electrical Instrument Corp., American Colortype Co., and Taylor-Wharton Iron & Steel Co. He is President of the Silver Hill Foundation of New Canaan, Conn.

The Montclair Trust Co. of Montclair, N. J., proposed on Dec. 15 to common stockholders an increase of common stock and retiring its entire outstanding preferred stock of $160,000 held by the Reconstruction Finance Corporation. The recommendation of the directors will be voted at the Jan. 9 annual meeting, said the Newark "News," from which we also quote:

"The plan provides increase of $540,000 common stock by $60,000 to be raised through issuance of 6,000 additional shares of $10 par value. The shares would be offered at $14 to common stockholders as of next Jan. 9 in ratio of one new share for every nine held. State Banking Department permission has been obtained conditioned upon raising a portion of necessary funds through moderate sale of new common stock.

"To $84,000 resulting from sale of the 6,000 shares would be added $76,000 from the second half of 1944 income to retire the $160,000 in preferred stock. Common stock dividends aggregated 50 cents per share in 1944 and 40 cents last year. Common stock had a book value of $23 per share, the bank's last statement showed.

"President Frederic P. Fiske said: 'Consummation of the plan will give the bank a well balanced and more flexible capital structure to meet expanding business requirements.'"

J. O. Miller, Acting President of the People's-Pittsburgh Trust Co., Pittsburgh, Pa., announces the election of John D. Dupuis as Vice-President of the bank. We quote the Cincinnati "Enquirer," which said:

"Mr. Dupuis was formerly Assistant Vice-President in charge of the credit department, and in his new position will continue to have general supervision of credit activities. He joined the bank in April, 1938, having served previously with the Benjamin D. Bartlett Co., Cincinnati, members of the New York Stock Exchange and before that with the Irving Trust Co., New York City."

The board of directors of The Peoples National Bank of Lynchburg, Va., announces the election of the following officers: John Victor, Chairman of the board, and Scott Nesbit, President.

The stockholders of the Harris Trust & Savings Bank of Chicago at a meeting on Dec. 13 approved a 33⅓% dividend in stock, payable to holders of Dec. 18. The stockholders also approved a new pension plan for employees and a new group insurance program. Directors of the bank declared a dividend of $3 a share, payable Jan. 2 to stockholders of record Dec. 18. The cash dividend is payable only on the old stock. The Chicago "Journal of Commerce" also stated:

"The pension program will cost the bank an estimated $160,000 for the first year, while the cost of the group insurance was estimated at $10,000 annually. The dividend in stock will boost the bank's capital to $8,000,000 from $6,000,000. The increase will be covered by a transfer of $2,000,000 from undivided profits."

The board of directors of the Chicago Title & Trust Co. of Chicago, Ill., on Dec. 13 declared a dividend of $2 a share, plus $1 per share extra dividend out of the earnings of the company for the year 1944. The dividends are payable Jan. 2, 1945, to stockholders of record at the close of business Dec. 19, 1944.

Following a regular meeting of the board of directors of the First National Bank of Atlanta, Atlanta, Ga., on Dec. 12, it was announced the board had voted regular and extra dividends to stockholders totaling $405,000.

Advices from the Atlanta "Constitution" on Dec. 13 said:

"The regular dividend totals $270,000, half of which is payable Dec. 20, 1944, to shareholders of record Dec. 15.

"The $135,000 extra dividend is payable Dec. 20 to shareholders of record Dec. 15. These payments bring total dividends of the bank, paid in 1944, to $1.50 a share on its 540,000 shares of outstanding stock."

Stockholders of the South Texas Commercial National Bank, Houston, Tex., will meet on Dec. 22 to vote on a proposal to declare a 33⅓% stock dividend. The Dallas "Times Herald" of Dec. 10, reporting this, said:

"The plan is to increase the capital stock from $1,500,000 to $2,000,000 and issue a $500,000 stock dividend. The stock is closely held and not actively traded. It is said that the last sale was at $300 per share."

It was announced by J. C. Tenison, President of the Dallas National Bank, Dallas, Tex., on Dec. 13 that the board of directors had voted payment of an extra dividend of 2% in addition to the regular quarterly dividend of the same amount, payable Dec. 29. The dividends will be paid to the stockholders of record Dec. 23.

Sixth War Loan Drive Closes; Expect Results To Exceed $14,000,000,000 Goal by $5 Billion

With the closing of the Sixth War Loan on Dec. 16, Secretary of the Treasury Morgenthau announced that not only had the $14,000,000,000 goal been met, but that he believed when the tallies are all in they will exceed $19,000,000,000.

It was further noted by Mr. Morgenthau, in a radio address broadcast from Washington on Dec. 16, that "we had another objective even more important than the overall total of the drive—to raise $5,000,000,000 through the purchase of bonds by individuals." "I am thrilled to be able to report to you this evening," said Mr. Morgenthau, "that on the basis of returns already in, it seems clear that this objective also will be fully achieved." In part, Secretary Morgenthau also stated:

"The final tally on the Sixth War Loan cannot be completed until the end of this month. This is because millions of workers who authorized their employers to deduct money for bonds out of their pay envelopes will not complete their payments until the last pay day in December and because it takes time to inscribe and report to the Treasury the bonds purchased in the thousands of sales outlets in rural communities and distant places.

"Among the distant places where bonds were sold in great numbers are the bases and battle lines of our armed forces overseas. Yes, our men in uniform are bond buyers, too. During the past 12 months they have bought just about $1,000,000,000 worth of war bonds.

"These men in uniform will want to know something about the spirit in which this bond drive at home was carried through to its successful conclusion by the men and women in the mines and shops and mills and offices and farmhouses of America. They are entitled to know how well the home front is living up to its responsibilities.

"More than 50% of all E bonds —the bond which most individual investors buy—are sold to men and women at their places of employment. In these places more than 23,000,000 workers who buy bonds regularly month in and month out joined the Sixth War Loan campaign for the purchase of extra bonds. Drives were organized in more than 150,000 separate plants. And all over the country labor unions and employers worked together as a team to reach, and exceed, the quotas in their particular establishments.

"It wasn't altogether easy for the civilian public to reach the high goal we set in this Sixth War Loan. As I have already noted, this was the third special appeal this year. And it came, of course, on top of the regular bond buying done in accordance with pay roll deduction and monthly purchase plans. Virtually every person with income in the United States had to share in the program in order to raise the $5,000,000,000 worth of individual subscriptions. The record, I think, is the best testimony that Americans at home could offer as to the devotion and spirit with which they are backing up the men on the battle fronts.

"It is testimony also to a magnificent unity and cooperation at home. The tremendous job of selling War Bonds was performed almost entirely by a great army of volunteer workers in every part of the country. They made it their business to talk personally with nearly every citizen, either at his home or at his place of work. They collected funds, issued bonds and did the hard work of accounting. That work is still going on and will have to be continued faithfully throughout this month in order to get all the reports of bond purchases filed with the Treasury by Dec. 31.

"I think it is a fact worth noting that the promotion cost to the Federal Government for every thousand dollars raised in the war bond program amounts to 18 cents. This is because the sales force is composed almost entirely of volunteers and because the tremendous promotion effort carried on in connection with the bond program was contributed freely by advertisers and advertising agencies, by newspapers and radio stations, by theatres, stores, banks, clubs, labor unions, chambers of commerce, and all the various civic associations that make up the vast mosaic of bond activity. They have given more than money to this drive. They have given imagination and energy and devotion.

* * *

"The whole drive has been a magnificent demonstration of home-front solidarity—of real determination on the part of American civilians to carry out in full measure their responsibilities in the war effort. It should carry to the men overseas a ringing declaration of unlimited confidence and unstinted support."

At the dinner at the Waldorf-Astoria on Nov. 20, opening the Sixth War Loan, Secretary of the Treasury Henry Morgenthau, Jr., pointed out that the Loan "offers to every American an opportunity to play his part in the great offensives now being launched against the enemy." He recited the needs of the men on the firing lines, and said, "the nearer we come to victory, the greater these needs will be. And the more quickly we meet them, the more quickly can victory be achieved." "I know," he added, "that Americans need no appeal to meet these needs beyond a simple knowledge of the facts. The way for each of us here at home to meet them is through unceasing devotion to his job and through the purchase of War Bonds to the limit of his individual ability." Mr. Morgenthau continued:

"There have been many demands made of you in the three long years that we have been at war. You have met all of them faithfully and generously. If you are tired now or feel that you have done your utmost, then think for a moment of the men in battle. Think of the men who come out of the foxholes drained of their last physical resources, cold and grimed and hungry, their nerves pulled taut to the breaking point by the incessant whine of bullets and the shattering road of unseen high-explosive shells. And think of their response when they are asked to go into the firing line again—to find inside themselves new sources of courage and of strength and of endurance.

"One indispensable source of spirit to these men is the knowledge that we at home are backing them up with all we have—with nothing less than the fullest consecration of our wealth and strength. This is our endurance test as well as theirs. Our response to the Sixth War Loan drive will be the vindication to these men of their faith in us."

In his address, Secretary Morgenthau also had the following to say in part:

"What I am going to tell you about the current needs of our armed forces is not based on any amateur or armchair strategy. It comes directly from General Marshall himself. He has authorized me to report it to you.

"There has been a fundamental change in the nature of the war, both in Europe and in the Pacific. A year or two ago we were attacking the enemy on the periphery of his farthermost advance. Each time we attacked, we had a single, limited objective. Today, in the east and in the west, we are closing in on the enemy's homeland. There is no limited objective now. The objective is total victory.

"In Europe, we have embarked upon the final push. It demands a concentration of materials and of effort immeasurably greater than any we have yet brought to bear. The nearer we drive toward the enemy's heart, the costlier the war becomes. It requires, in its present phase, guns and tanks, trucks and bridges and pipelines and railroads in quantities far beyond anything called for in past offensives. The last barrage, that fearful tornado of high explosives which will knock, first Germany, and then Japan, out of the war, will make our previous expenditure of ammunition seem trivial.

"We have moved into position for our final thrusts through a series of short, sharp blows. The last drive in Tunisia, for example, took only 18 days. Tarawa was captured in 10 days, Kwajalain in eight, Guam in three weeks, the Island of Sicily in a little over a month.

"But the war has now settled down to a sustained, continuous attack. And sustained, continuous attack is costly in supplies. For we must now blast the enemy out of heavily fortified positions to which he clings with the tenaciousness of despair.

Pullman Traffic Up 143%

Pullman cars carried 26,976,908 passengers in the first nine months of this year, an increase of 143% over the 11,087,565 transported in 1940, and 15.8% over the record of 23,305,265 carried in 1943, E. P. Burke, Passenger Traffic Manager, Pullman Company, recently announced.